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Tuesday,
16th August 1955

PARLIAMENTARY DEBATES

HOUSE OF THE PEOPLE

OFFICIAL REPORT

PARLIAMENT SECRETARIAT
NEW DELHI

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Acc. No. 25450
Dated 06.02.20

LOK SABHA

Tuesday, 16th August, 1955.

The Lok Sabha met at Eleven of the Clock.

[MR. SPEAKER *in the Chair*]

ORAL ANSWERS TO QUESTIONS

Rehabilitation of Displaced Persons in Assam

*741. **Shri Radha Raman:** Will the Minister of **Rehabilitation** be pleased to state:

(a) whether it is a fact that some financial aid has been given to the Assam Government during 1955-56 for the Rehabilitation work in that State;

(b) if so, the amount; and

(c) the number of displaced persons settled there from East Bengal since the beginning of this year?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): (a) Yes.

(b) The financial aid given from the 1st April to the 30th June, 1955, is as follows:

(i) Grant.	Rs. 13·64 lakhs
(ii) Loan .	Rs. 44·41 ,,
	Rs. 58·05 lakhs

(c) Approximately 7,000 displaced families from East Pakistan have received partial or complete rehabilitation benefits.

Shri Radha Raman: May I know what is the total number of displaced persons from East Bengal who have so far come to Assam and who have received the financial assistance allowed to displaced persons from the Central Government as well as the Assam Government?

Shri J. K. Bhonsle: The total number of displaced persons is about 3·53 lakhs upto May 1955.

Shri Radha Raman: May I know what is the amount so far spent, including the amount sanctioned by the Assam Government, for the rehabilitation of the refugees?

Shri J. K. Bhonsle: The total amount spent up to now is Rs. 509·64 lakhs.

Shri B. K. Das: May I know the number of displaced persons settled on agricultural land?

Shri J. K. Bhonsle: I have not got the break-up but I will certainly find it out and let the hon. Member have it.

Shri B. K. Das: May I know if there is any new influx as at present into West Bengal?

Shri J. K. Bhonsle: Yes, we anticipate that by the end of the financial year there would be 9,000 families coming into Assam.

Shri S. C. Samanta: May I know whether those displaced persons who fled away from fear in the last disturbances have come back and have been rehabilitated?

Shri J. K. Bhonsle: Several families have come back and attempts are being made to persuade others to come back.

Pilot Projects for Cottage Industries

*745. **Shri Gadilingana Gowd:** Will the Minister of **Planning** be pleased to state:

(a) whether it is a fact that a Scheme has been formulated at the Fourth Conference of the Development Commissioners for the setting up of 26 pilot projects in Community Project Areas for the development of cottage industries;

(b) if so, in which Community Projects this programme will be taken up; and

(c) what industries will be included in the pilot projects?

The Deputy Minister of Planning (Shri S. N. Mishra): (a) Yes, Sir.

(b) and (c). Statements are laid on the Table of the House. [*See* Appendix V, annexure No. 29].

Dr. Rama Rao: In the statement, it is said that there is one project in Andhra, where small-scale and cottage industries are going to be developed. May I know what cottage industries are going to be developed in the Kakinada-Peddapuram project?

Shri S. N. Mishra: These are the things to be considered now, and a plan will be drawn up keeping in view the potentialities for development of the industries in that area.

Shri Dabhi: May I know what is the recurring and non-recurring expenditure on these projects?

Shri S. N. Mishra: So far as the pilot project is concerned, it is expected to last for nine months, and the estimated expenditure would be to the tune of Rs. 25,000. After that, it would be absorbed in the normal administration.

Heavy Electrical Equipment Plant

***746. Shri Ibrahim:** Will the Minister of **Production** be pleased to refer to the reply given to Starred Question No. 2139 on the 11th April, 1955, and state:

(a) whether it is a fact that a decision has since been taken for the setting up of a State-owned heavy electrical equipment factory in the country;

(b) if so, when it is proposed to be set up; and

(c) what is the estimated expenditure on its installation?

The Deputy Minister of Production (Shri Satish Chandra): (a) It has been decided to set up a State owned factory for the manufacture of the heavy electrical equipment.

(b) It is too early to forecast a definite date.

(c) No firm estimate of expenditure can be given until Technical Consultants are appointed and Project Report is prepared by them in consultation with the Government.

Shri Ibrahim: May I know whether foreign experts will be required for this plant?

Shri Satish Chandra: A foreign firm of technical consultants will have to be appointed for assisting us in setting up the plant and training our personnel.

Shri Ibrahim: What is the name of the selected site where it will be installed?

Shri Satish Chandra: Selection of the site will not be possible till the project report has been received and fully considered by the Government.

Shri Punnoose: May I know what are the considerations that weigh with Government in choosing the site?

Shri Satish Chandra: They will also be indicated in the project report.

Cement

***749. Shri Jhulan Sinha:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether it is a fact that India has become self-sufficient in respect of cement and that export markets are being sought to be developed; and

(b) if so, the need for continuing the control on the price and the distribution of this commodity?

The Minister of Industries (Shri Kanungo): (a) In an expanding economy self-sufficiency in respect of any commodity is a purely relative term. Our target for cement production is put at ten million tons and we expect in the very near future to produce half that quantity. The demand for Cement is rising steadily. Export markets are being sought for the reason we can expand production of Cement considerably.

(b) As there is a large gap between supply and demand, price and distribution control become necessary.

Pandit D. N. Tiwary: May I know how much cement has been exported in the last three months?

Shri Kanungo: I could not give the figure for the last three months but I can say broadly that in 1954-55 we have exported 94,050 tons.

Pandit D. N. Tiwary: May I know whether Government are aware that there is a dearth of cement in Bihar and even development projects are being held up for want of cement? If so, what is the reason for exporting cement when the needs of the country are not yet met?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): Export of cement was generally allowed in the case of those cement factories which are far away from the areas where there is a shortage of cement and it is perfectly known to hon. Members of this House that the problem of transport from South India to Bihar is a very difficult one indeed at the present time.

Shri S. C. Samanta: May I know what assistance has been given or what arrangements have been made for the production of cement in Saurashtra where there is so much of limestone?

Shri T. T. Krishnamachari: There is no question of assistance. Cement factories are coming up in Saurashtra. The problem again will be a problem of transport from Saurashtra to the consuming areas.

Shrimati Ammu Swaminadhan: In view of the fact that there is a shortage of cement—or at least we cannot get cement where we need—are the Government contemplating stopping export of cement and also taking away the control on cement?

Shri T. T. Krishnamachari: No. As a matter of fact so far as exports are concerned they are just a trickle and we want to cultivate these markets. As my hon. colleague mentioned just now we expect to reach 5 million tons very soon and about 6 million tons by March next year. We cannot afford to lose our export market. So far as control is concerned so long as there is shortage there has to be control.

Plantation Enquiry Commission

*753. **Shri Bhagwat Jha Azad:** Will the Minister of **Commerce and Industry** be pleased to refer to the reply given to Starred Question No. 266 on the 25th February 1955 and state:

(a) whether the Plantation Enquiry Commission has since submitted their report to Government;

(b) if so, the main recommendations of the Commission; and

(c) the action, if any, taken by Government thereon?

The Minister of Commerce (Shri Karmarkar): (a) No, Sir. Not yet.

(b) and (c). Do not arise.

Shri Bhagwat Jha Azad: May I know whether any time-limit was fixed by the Government for submission of their report by the Commission?

Shri Karmarkar: It was October. But the Commission have written to us that they require still more time to complete their inquiry and submit their report. They have accordingly requested for a little extension till December. That question is under consideration.

Shri T. B. Vittal Rao: Which are the States which the Commission have already visited?

Shri Karmarkar: I have not got the detailed list. They visited all the States where there are plantations—tea, coffee and the like.

Silk

*754. **Shri S. C. Samanta:** Will the Minister of **Production** be pleased to state:

(a) the extent to which Government have succeeded in reducing the cost of production of Indian silk and improving its quality;

(b) the amount placed at the disposal of the Central Silk Board since 1947, year by year, for the purpose; and

(c) whether it is a fact that Kashmir silk sarees are in great demand in Ceylon?

The Parliamentary Secretary to the Minister of Production (Shri R. G. Dubey): (a) According to the Tariff Commission Report (1953), the cost of production of raw silk has been reduced by Rs. 2/7/10 per pound between 1949 and 1953. Its quality has also comparatively improved as a result of improvement in the quality of cocoons.

(b) A statement is laid on the Table of the House. [*See* Appendix V, annexure No. 30].

(c) Yes, Sir.

Shri S. C. Samanta: May I know how many research stations have been started since 1944?

Shri R. G. Dubey: So far as my knowledge goes, two research centres, at Chennapatnam in Mysore and Malda in West Bengal, are working.

Shri S. C. Samanta: May I know how many new schemes have been taken up in 1954-55?

Shri R. G. Dubey: So far no new schemes have been taken up; but since additional grants have been made for the current year, the Mysore and Madras Governments, in particular, have been requested to submit certain technical schemes.

Shri S. C. Samanta: Is it not a fact that in 1953-54, Rs. 20 lakhs were set apart for these special schemes?

Shri R. G. Dubey: Yes, Sir.

Shri N. Rachiah: May I know whether the silk industry in Mysore has been facing a crisis due to the heavy fluctuation of rates in the market of the cocoons and, if so, what steps do Government propose to take?

Shri R. G. Dubey: This is a vexed question. But, so far as my information goes, the Government of India have given additional grants to the Mysore Government to have experiments at Chennapatnam

and I am informed that 100 improved reeling basins have been working in the Mysore State for improving the quality of the filature silk.

Dr. Rama Rao: May I know on what main items these Rs. 20 lakhs are being spent?

Shri R. G. Dubey: Does he want the break-up?

Mr. Speaker: He wants to know the main items.

Shri R. G. Dubey: For example, the Mysore Government were given, for 1953-54, Rs. 3,64,500. There are about 18 to 20 items. For example research on silkworm nutrition, Rs. 20,000; on mulberry graft nursery at Chennapatnam Rs. 10,000, establishment of cocoon markets and so on and so forth.

All-India Malnad Conference

*755. **Shri Heda:** Will the Minister of **Planning** be pleased to state:

(a) the resolutions adopted at the All-India Malnad Conference held recently;

(b) whether Government have considered them; and

(c) if so, the extent to which they will be implemented?

The Deputy Minister of Planning (Shri S. N. Mishra): (a) A summary of the resolutions is placed on the Table of the Lok Sabha. [*See* Appendix V, annexure No. 31].

(b) Yes, Sir.

(c) The State Governments concerned have formulated suitable schemes taking into account the recommendations made by the Ramanathan Committee and the Malnad Conference held in April 1954 and the same are being considered in the Second Five Year Plan. The Standing Committee of the All India Malnad Conference can assist the States in bringing about a proper appreciation of the needs of the area.

Shri Heda: Through the first resolution of the Malnad Conference, the conference had requestd the Government to constitute a Development Board consisting of representatives from the Mysore, Bombay, Madras and Coorg Governments, with a Minister of the Central Government as Chairman. May I know whether such a Board has been constituted?

Shri S. N. Mishra: Now, the view of the Planning Commission is that in view of the steps taken by the State Governments concerned, it is no longer necessary to have such a Board.

Shri Heda: In view of the fact that the Malnad area is within the jurisdiction of four different States—Mysore, Coorg, Bombay and Madras—how is it possible for the State Governments, without such a Development Board, to co-ordinate their activities?

Shri S. N. Mishra: As the State Governments concerned have been asked to frame their proposals keeping in view the recommendations of the Ramanathan Committee which went into the whole matter, I think, the proper co-ordination that is desired could be effected.

Shri Joachim Alva: In the statement it is admitted that this area is one of the wealthiest areas of the land and that it has been lying unutilised for two centuries. In addition, the Government of India drew up a report on the Malnad area and it has been lying in the archives of Government for several years. May I know why the Government did not implement this report up to now?

Shri S. N. Mishra: The recommendations of the Committee could have been implemented by the Food and Agriculture Ministry. But, they thought that it would be a great drain upon their resources. Ultimately, now, the State Governments concerned will look into the matter and frame proposals.

The Minister of Planning and Irrigation and Power (Shri Nanda): I may add a word in this matter. It is certainly a matter of importance that a region like this with great potentialities should be developed adequately and this is being kept in view. The States, as my colleague told the House, have been informed that in preparing their plans they should give adequate attention to the various recommendations of these committees. And, now, a stage has arrived when in the Planning Commission as the plans of the various concerned States come in, this point of view of co-ordination for the purposes of adequate development of the area will be kept in view.

Shri Heda: The area being backward, the experience in the past had been that the States concerned had not been devoting proper attention and that is why co-ordination by a central authority is desired by the Conference time and again. May I know whether the Government have assured themselves that the States would not neglect these areas?

Shri Nanda: There are certain powers which each State has. We cannot set up an authority cutting across these powers. But, still, the object is certainly to be kept in view and, at this stage, at any rate, in the selection of the various schemes, this purpose of development of this area will be kept in view.

Neiveli Lignite Project

*757. **Dr. Rama Rao :** Will the Minister of **Production** be pleased to state.

(a) the period for which the work at the Neiveli Lignite Project has been at a standstill awaiting the arrival from abroad of high-power pumps ;

(b) the names of the countries from which the pumps are expected ;

(c) the cost at which they are purchased ; and

(d) when the pumps are expected to arrive ?

The Parliamentary Secretary to the Minister of Production (Shri R. G. Dubey) : (a). The work on the Neiveli Lignite Project has never been at a standstill. On the other hand, drilling operations to determine the situation, nature and extent of the lignite deposits and boring of pump wells for carrying out pumping tests to assess the ground water conditions have been continuously progressing. Pumping tests are also being carried on with the 250 g.p.m. pumps already available with the Project. It is the result of the pumping tests carried on with the small pumps that has enabled a specific programme to be prepared for full scale pumping tests.

(b) to (d). Orders for four submersible pumps and four vertical turbine pumps each of 1000 g.p.m. capacity were placed in April/May 1955 for import from Germany and U. S. A. at a cost of Rs. 31,260/- and Rs. 60,250/- each respectively. The four submersible pumps have arrived at Bombay from Germany. The four turbine pumps are expected to arrive by the end of September. Orders for 8 more vertical turbine pumps have been recently placed and action is under way to place orders for 8 more submersible pumps. These additional 16 pumps are expected to arrive by the middle of October, 1955.

Dr. Rama Rao : May I know whether in answer to a question on 25th February, 1955, the hon. Minister said that 88 per cent of the earth was removed by the end of December, 1954 and further work has been stopped temporarily to enable the water level and pressure below the lignite to be sufficiently lowered by pumping and in answer to another question he said that tenders have been called for high-power pumps and they would arrive by middle of March. Now, I am glad to know that they are arriving and some have arrived. For want of two pumping sets in a huge project like this, work has been held up for more than ten months—some minor work might have been going on—but the main work has been held up. May I know what the Production Ministry is doing to prevent such delays in the projects they are undertaking ?

Shri R. G. Dubey : I think this point has been cleared in the answer. The Madras Government have got 250 g.p.m. pumps and with these pumping sets the test regarding underground water is already being carried out. The only point was this ; we came across certain difficulties and pumps of bigger sizes were required and that is why tenders were accepted and some of the pumps have already arrived. Pending arrival of the pumps, work was already progressing in respect of carrying on tests.

Khadi

*758. **Pandit D. N. Tiwary :** Will the Minister of **Production** be pleased to state :

(a) whether any attempt has been made to reduce the cost of production and the establishment charges on Khadi ; and

(b) if so, the percentage of reduction in the production and establishment charges since the rebate on the sale of Khadi was introduced ?

The Deputy Minister of Production (Shri Satish Chandra) : (a). According to the All India Khadi & Village Industries Board there is little possibility of reducing the cost of production or the establishment expenses because the wages and emoluments paid to Khadi workers are already much lower than those paid to the employees in other industries.

(b) Does not arise.

Pandit D. N. Tiwary : May I know whether any provident fund or pension is paid to these employees ?

Shri Satish Chandra : No pension is admissible to these employees.

Pandit D. N. Tiwary : What about provident fund ?

Shri Satish Chandra : Neither provident fund nor pension is paid to them.

Shri Heda : Formerly, the establishment expenditure for khadi was about two annas in a rupee or 12½ per cent. May I know the establishment ratio in the expenditure today ?

Shri Satish Chandra : I require notice.

Shri Bhagwat Jha Azad : May I know whether the Khadi Board has indicated to the Government that in view of the large-scale production in the Second Five Year Plan, there is any possibility of reduction in the khadi cost ?

Shri Satish Chandra : The reduction in khadi cost is only possible by reducing

the wages and the establishment charges. I have already said that these are very low and it is not possible cut down any further. It is, however, possible that with the introduction of Amber charkha and increased production, there might be some little difference in the cost of production of khadi.

C.T.O.

*759. **Shri Rishang Keishing** : Will the **Prime Minister** be pleased to state :

(a) whether it is a fact that an officer of the Central Tractor Organization was deputed to NEFA to study and survey the possibility of growing food crops for the inhabitants of that area ;

(b) if so, the recommendations made by the officer ; and

(c) the action taken thereon ?

The Parliamentary Secretary to the Minister of External Affairs (Shri J. N. Hazarika) : (a) to (c). In order to attain self- sufficiency in food in the North-East Frontier Agency, an Officer of the Central Tractor Organisation was deputed to study the problem on the spot. He has made the following recommendations which are being examined by the local administration :—

1. Intensive cultivation in areas near the administrative headquarters.

2. Demonstration-*cum*-production farm near the administrative centre.

3. Demonstration-*cum*-production farm where Assistant Agricultural Inspectors are posted.

4. Intensive culivation in selected blocks in the interior which can be later on developed as National Extension Service Blocks.

5. Selection of good cultivators to develop them as subsidised farmers.

6. Introduction of crop competition amongst the tribes.

7. Encouragement of terrace cultivation as much as possible.

8. Reclamation of land wherever possible for planned settlement.

9. Plant protection.

10. Minor Irrigation works.

11. Distribution of manures and fertilizers

12. Distribution of pure seeds.

13. Distribution of implements.

14. Development of Horticulture.

Shri Rishang Keishing : May I know how serious is the deficit of food in NEFA at present and how far the implementation of these recommendations will solve the food problem there ?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): The hope is that they will solve the problem. It may take a little time naturally.

Shri Rishang Keishing : How long will it take to implement these recommendations ?

Shri J. N. Hazarika : It will start as quickly as possible.

Shri Jawaharlal Nehru : There are various measures ; some take a little time and some longer time.

Loan to Andhra

*762. **Shri Viswanatha Reddy**: Will the Minister of **Planning** be pleased to state :

(a) whether the Andhra Government have requested the Centre to sanction a loan of Rupees one crore for the extension of electricity to the rural areas ; and

(b) if so, the decision taken thereon ?

The Deputy Minister of Irrigation and Power (Shri Hathi) : (a). Yes Sir, The request was for a loan of Rs. 150 lakhs.

(b) The State Government has been advised to meet the expenditure on these works out of the central loan assistance of Rs. 400 lakhs already sanctioned for 1955-56 from the Special Development Fund. It has also been suggested that further assistance would be considered towards the close of the year when the overall financial position would be clear.

Shri Viswanatha Reddy : May know whether the further assistance referred to by the hon. Minister will include subsidy that will be granted to the Andhra State for this purpose ?

Shri Hathi : That all depends upon how far these schemes progress. For the present, if they carry on the schemes that are already there, that will certainly improve the condition.

Shri Viswanatha Reddy : In view of the fact that the *per capita* coonsumption of electric power in Andhra is almost half that of the rest of the country, may I know whether Government is contemplating to give special assistance for extension of electricity in the Andhra State ?

Shri Hathi : The question of giving assistance is already admitted. It has been stated to the State Government that out of the Rs. 400 lakhs sanctioned for this year, that is, 1955-56, they can spend on this.

Shri Viswanatha Reddy : I wanted to know whether any special assistance is given apart from this Development Fund

in view of the fact the *per capita* consumption of power is less than half as compared to the rest of the country ?

Shri Hathi : In fact, this assistance is given from the Special Development Fund That itself signifies that it has been given as a special measure.

Second Five Year Plan

*767. **Shri M. L. Agrawal :** Will the Minister of **Planning** be pleased to state :

(a) whether it is a fact that the Government of Uttar Pradesh have submitted to the Planning Commission their development schemes for inclusion in the Second Five Year Plan ; and

(b) if so, the total expenditure involved in the implementation of these schemes and the manner in which it will be apportioned between the Centre and the State ?

The Deputy Minister of Planning (Shri S. N. Mishra) : (a) Yes Sir.

(b) The cost of schemes included in the draft plan of the State Government was Rs. 725 crores. The question of shares of the Centre and the States has not yet been considered. The draft plan has been recently discussed between the Planning Commission and the State Government and is expected to be revised.

Shri M. L. Agrawal : May I know if the State Government has urged the allocation of some major industries like steel or fertilisers in that State ?

Shri S. N.. Mishra : I cannot say exactly about steel, but there are a number of industries that they have indicated.

Shri M. L. Agrawal : What are the Government's reactions to this demand ?

Shri S. N. Mishra : I shall require separate notice for that.

श्री भक्त दर्शन : क्या यह सत्य है कि उत्तर प्रदेश सरकार ने जो अगली योजना का ड्राफ्ट तैयार किया था प्लानिंग कमीशन ने उसमें बहुत गहरी काट छांट कर दी है, और क्या यह सत्य है कि इसके बारे में आगे जा कर उत्तर प्रदेश सरकार ही इसमें कमी करेगी या प्लानिंग कमीशन ही उसमें काट छांट कर देगी ?

श्री एस० एन० मिश्र : अभी एक गलतफहमी फैल रही है कि हम सभी राज्य योजनाओं पर कोई निर्णयात्मक विचार कर रहे हैं । ऐसी बात नहीं है । हम कभी ऐसे स्टेज से गुजरते हैं जिसमें जो भी आर्थिक साधन स्टेट्स को उपलब्ध हैं उनके अनुरूप योजना को बनाने के बारे में परामर्श करते हैं, और अभी इसी तरह का परामर्श हुआ है । लेकिन कोई खास निर्णय अभी तक नहीं हो पाया है ।

Shri Mohiuddin : What is the grand total of the schemes submitted by all the States to the Planning Commissi on till now ?

श्री एस० एन० मिश्र : मैं समझता हूं कि सभी मिलाकर अभी ९ हजार करोड़ के करीब की स्कीमें मालूम हुई हैं ।

Second Five Year Plan

*768. **Shri Subodh Hasda :** Will the Minister of **Planning** be pleased to state :

(a) whether it is a fact that Government propose to construct a second Shipyard during the Second Five Year Plan ; and

(b) if so, where it will be located ?

The Deputy Minister of Planning (Shri S. N. Mishra) : (a) No such decision has so far been taken.

(b) Does not arise.

Shri S. C. Samanta : Is it not a fact that foreign experts came and examined some coastal places in India, and if so, whether that has been taken into consideration in settling this shipyard ?

Shri S. N. Mishra : I have no information on that point, but if any team of foreign experts came and they ivestigated, all such things are bound to be taken into account when the Planning Commission considers this problem.

Shri Achuthan : In view of the fact that there is already a shipbuilding yard in the east coast at Visakhapatnam and in view of the fact that Bombay is over-crowded with many schemes, will Government consider the desirability of locating this new yard at Cochin which is just now in a growing stage ?

Shri S. N. Mishra : This amounts to a suggestion ?

विशाखा पटनम में सूखी गोदी (डाक)

*७७०. **श्री के० सी० सोधिया** : क्या उत्पादन मंत्री यह बताने की कृपा करेंगे कि :

(क) विशाखपटनम "सूखी गोदी" के निर्माण के सम्बन्ध में परामर्शदाताओं के रूप में काम करने के लिये इंजीनियरों की कौन सी फर्म नियुक्त की गई है ; और

(ख) उन के साथ जो करार हुआ है उसकी शर्तें क्या हैं ?

उत्पादन उपमंत्री (श्री सतीश चन्द्र) : (क) परामर्श लेने के विचार से यनाईटेड किंगडम के सर्वश्री रेण्डेल, पामर एण्ड टिटान को अस्थायी रूप से विशेषज्ञ नियुक्त किया गया है। इस समय योजना की केवल प्रारम्भिक जांच करने का काम उन्हें सौंपा गया है।

(ख) प्रारंभिक रिपोर्ट की जांच के बाद ही शर्तें तय हो सकती हैं और इकरारनामे को अन्तिम रूप दिया जा सकता है।

योजना की रूपरेखा तैयार करने के लिये २००० पौंड की रकम और कम्पनी के प्रतिनिधि का सफर और रहने का खर्च दिया जाना निश्चित हुआ है।

श्री के० सी० सोधिया : वह एस्टिमेट जो तैयार करेंगे, उस एस्टिमेट की जांच करने के लिये क्या कोई विशेषज्ञों की कमेटी बनाई जायगी ?

श्री सतीश चन्द्र : जो एस्टिमेट वह तैयार करेंगे, उस पर हिन्दुस्तान शिपयार्ड के डाइरेक्टर्स, जो एक्सपर्ट राय उन्हें मिल सकती है, उसको ध्यान में रखते हुये विचार करेंगे।

श्री के० सी० सोधिया : अभी हाल में ड्राई डॉक बनाने के लिये कितने का एस्टिमेट किया गया है ?

श्री सतीश चन्द्र : कम्पनी ने ६०० फुट लम्बा और ९० फुट चौड़ा यह ड्राई डौक बनाने का जो एस्टिमेट दिया है वह २ करोड़ १५ लाख रुपये का है, लेकिन अभी उस की जांच हो रही है।

Dr. Rama Rao: May I know when this is likely to be taken up and what is the rough estimate laid down ?

Shri Satish Chandra : A preliminary estimate has been prepared by the company according to which the cost will be about Rs. 2,15,00,000. But certain investigations are still being made and the final estimate may be higher or lower. I think that work will be taken up shortly and it will take about three years to complete the dry dock from the date construction is taken in hand.

Engineers Seminar

*772. **Shri L. N. Mishra :** Will the Minister of **Irrigation and Power** be pleased to state :

(a) the main points discussed at the Engineers' Seminar held at Srinagar in July 1955 ;

(b) the decision, if any, taken therein ;

(c) whether there is any proposal to associate some non-officials interested in river valley projects, with such Seminars in future ?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) and (b). A copy of the agenda for the Seminar and the summary record of the conclusions reached by the Co-ordination Committee of Engineers is laid on the Table of the House. [*See* Appendix V, annexure No. 32]

(c) Non-officials are being associated with the Engineers' Seminars with a view to ascertaining their opinion on items on which it is considered they will be able to render useful advice.

Shri L. N. Mishra : The Seminar seems to have accepted the formation of National Construction Corporation. I want to know the purpose for which it is to be created and when it would start functioning.

Shri Hathi : The idea of having a National Construction Corporation was discussed and the purpose was to have a

corporation which would undertake the construction of various dams and irrigation projects in different parts of the country. It was only in a primary stage discussion of but a committee is being appointed to work out the details as to how it would function, etc.

Shri L. N. Mishra : It appears the rural electrification scheme was also discussed. I want to know whether any attempt was made to ascertain the progress made by various States as envisaged in the First Five Year Plan and by whom the rural electrification board have been set up?

Shri Hathi : There was no question of establishing a rural electrification board. The question before the seminar was that electrification in villages was rather expensive and unless it was subsidised by the concerned State Governments, it may not be possible to have this programme of rural electrification. The Seminar endorsed this view and ultimately the States were requested to sendin their plans in regard to rural electrification for the next Five Year Plan.

Shri L. N. Mishra : The question of organisation and administration of river valley projects was also discussed. May I know whether they were in favour of the existing machinery like the autonomous corporation and the Government-controlled bodies? Were any new suggestions made.

Shri Hathi : A committee was appointed to go into the details as to what sort of administration or organisation would be advantageous or most desirable. But they could not come to a definite conclusion. They could not finish their work and therefore that question could not be finalised there.

Nandikonda Project

*773. **Shri Ramachandra Reddi :** Will the Minister of **Irrigation and Power** be pleased to state whether any date has been fixed for the laying of the foundation stone of the Dam of the Nandikonda Project?

The Deputy Minister of Irrigation and Power (Shri Hathi): No, Sir.

Shri Ramachandra Reddi : May I know what the probable date might be and whether the Prime Minister is being invited to lay the foundation stone?

Shri Hathi : The probable date is—we understand from the Andhra Government—sometime in December.

Shri Ramachandra Reddi : The other question has not been answered.

Shri Hathi : The Andhra Government have intimated that they are requesting the Prime Minister.

Shri Vishwanatha Reddy : May I know whether there is lack of agreement between the State Governments and the Centre regarding the person to be appointed as Chief Engineer for this project?

Shri Hathi : The preliminary works have to be carried out before the actual dam is constructed or the foundation is laid. There are so many things which have to precede the actual construction of the dam.

Shri C. R. Chowdhary : Is it a fact that the allocation of Rs. 4 crores by the Centre has not been communiated to the Andhra and Hyderabad States so that they may start the work?

Shri Hathi : A Control Board has been established only six weeks back and the proposals for common works should come from it. As no proposals have come yet, the matter could not be finalised.

पासपोर्ट

*७७४. **श्री भगवत झा आज़ाद** : क्या **प्रधान मंत्री** २ अप्रैल, १९५५ को दिये गये तारांकित प्रश्न संख्या १८१४ के उत्तर के सम्बन्ध में यह बताने की कृपा करेंगे कि

(क) क्या तब से भारत और पाकिस्तान के बीच कोई वार्ता दोनों देशों के बीच प्रवेश-पत्र (वीसा) नियमों में ढील देने के सम्बन्ध में हुई है; और

(ख) यदि हां, तो उसके क्या परिणाम निकले?

वैदेशिक कार्य मंत्री के सभा सचिव (श्री साबत अली खां) : (क) और (ख) जी हां। अप्रैल १९५५ में कराची में मेजर जनरल इस्कन्दर मिर्ज़ा और श्री मेहर चन्द खन्ना के बीच हुई मीटिंग में यह तय किया गया था कि वर्तमान भारत-पाकिस्तान पासपोर्ट और वीज़ा व्यवस्था को आसान बना देना चाहिये। पाकिस्तान सरकार की मंज़ूरी का इन्तज़ार है। दोनों सरकारों के बीच एक संशोधित स्कीम पर

विचार किया जा रहा है। और समाप्ति पर उसे जल्दी प्रकाशित कर दिया जायेगा।

श्री भागवत झा आजाद : क्या इस सम्बन्ध में भारत सरकार ने कोई सुझाव पाकिस्तान सरकार को भेजा है जिस पर कि उनकी सम्मति की प्रतीक्षा की जा रही है ?

श्री सादत अली खां : जी हां, बातचीत हो रही है और जैसा मैंने अभी अर्ज किया कि बातचीत खत्म होने पर वह सब सभा के सामने रख दी जायगी।

श्री भागवत झा आजाद : आपने अभी बताया कि पाकिस्तान सरकार की मंजूरी की प्रतीक्षा की जा रही है, मैं यह जानना चाहता हूं कि इस सम्बन्ध में हिन्दुस्तान की सरकार ने कौन से ऐसे सुझाव भेजे हैं जिनकी स्वीकृति की आप प्रतीक्षा कर रहे हैं ?

श्री सादत अली खां : इस मामले से मुताल्लिक हर क़िस्म के सुझाव किये हैं और उनको याद दिलाया गया है कि आप इन के मुताल्लिक जवाब दीजिये और जवाब का इंतजार है।

Shri B. K. Das : May I have an idea of the items or proposals that are being discussed ?

Shri Sadath Ali Khan : At this stage it will not be in the interest of the public to disclose them.

Assistance to Sudan

***776. Sardar Iqbal Singh** : Will the Minister of **Commerce and Industry** be pleased to state :

(a) whether it is a fact that the Sudanese Government have requested the Government of India to set up textile plants in Sudan; and

(b) if so, the steps taken so far by the Government of India in the matter?

The Minister of Industries (Shri Kanungo) : (a) No Sir; they have sought our assistance in making available the service of one or two textile experts to undertake a planning survey for establishment of a cotton textile industry in Sudan.

(b) Arrangements are afoot to send an expert to assist and advise the Sudanese Government.

Sardar Iqbal Singh : May I know whether the Government has received any other request from the Sudan Government for helping in their industrialisation ?

Shri Kanungo : We have received this proposal; we have received no other proposal.

Coir Board

***777. Shri S. C. Samanta** : Will the Minister of **Commerce and Industry** be pleased to state:

(a) the amount given to the Coir Board by the Central Government and how the sum has been spent up-to-date ; and

(b) whether the Board has taken any active steps to set up research organisations and co-operative societies?

The Minister of Industries (Shri Kanungo) : (a) A statement is laid on the Table of the House. [*See* Appendix V, annexure No. 33]

(b) Yes, Sir.

Shri S. C. Samanta : May I know the number of research organisations that have been set up by the *ad-hoc* committee ?

Shri Kanungo : The *ad hoc* committee was appointed to plan out research and statistics programmes and it has submitted its reports to the Coir Board, The proposals have not yet been received from the Coir Board.

Shri S. C. Samanta : May I know whether like Travancore-Cochin in other places also co-operative societies are being formed ?

Shri Kanungo : That is a programme of the Coir Board. I do not know whether any society has been established in the meantime.

Shri S. C. Samanta : May I know what propaganda work is being done in other countries for the disposal of coir material ?

Shri Kanungo : That work has not started yet.

Tea

***778. Dr. Rama Rao**: Will the Minister of **Commerce and Industry** be pleased to state :

(a) whether it is a fact that the export duty on tea has been reduced by half recently ; and

(b) if so, the reasons therefor ?

The Minister of Commerce (Shri Karmarkar) : (a) Export duty has been reduced from ten annas per lb. in March 1955 to eight annas per lb. in April and May and four annas per lb. in June and July. The duty for August 1955 is six annas per lb.

(b) Under the present slab system of export duty on tea, duty is related to the price of tea so that it rises or falls with the price of tea.

Dr. Rama Rao : May I know the amount we lose by this reduction of export duty ?

Shri Karmarkar : It depends on the extent to which tea prices fall.

Dr. Rama Rao : In view of the published statement that the tea estates have been reaping huge profits, even up to 60 per cent, may I know what is the special reason for reducing this export duty ?

Shri Karmarkar : The question of profit is separate from the justification for the present system of import and export duty. The imposition of export duty has now been made to correspond to the rise or fall in the prices of tea so that in any case, the export does not suffer from any high duty or when the prices rise a situation does not arise when we are not able to mop up the profit to a sufficient extent.

Dr. Rama Rao : May I know whether the reduction in export duty was necessitated by difference in international prices for competition with other countries ?

Shri Karmarkar : Sir, I thought my hon. friend knew that when prices rise inordinately and when export duty is smaller than what it should be in view of the high prices then the additional profit is not sought to be mopped up by the Government, it goes to the concerned exporters; and when prices fall then the export duty which was earlier based upon higher prices is really inordinately higher than what it should be with the result that export begins to suffer. In order to stabilise our export this new method has been found out and it is proving effective.

Shri Joachim Alva : In giving the benefit of the export duty to the producer has Government watched the reaction of the Indian consumer when the prices have jumped up ?

Shri Karmarkar : I wish my hon. friend tables a separate question with regard to this.

Aid from Russia

*779. **Shri M. L. Dwivedi** : Will the **Prime Minister** be pleased to state whether any economic and technical aid has been offered by U.S.S.R. to India during his recent visit to that country ?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru) : No specific economic or technical aid was asked for or offered by the U.S.S.R. to India. In the joint statement issued by the Chairman of the Council of Ministers of the U.S.S.R. and the Prime Minister of India on June 22nd, reference was made to the mutual benefits of economic cooperation and the two Prime Ministers agreed to promote and strengthen the relations between their countries in the economic and cultural fields as well as in scienfiic and technical research.

श्री एम० एल० द्विवेदी : मैं यह जानना चाहता हूं कि इस समझौते के अनुसार अब तक कौन कौन सी बातों पर अमल हो रहा है और कितने विशेषज्ञ इस सम्बन्ध में भारत आये हैं ।

श्री जवाहरलाल नेहरू : इस सिलसिले में तो वहां से कोई आया नहीं है, अभी यहां से उधर गये हैं । पहले तो मई में यहां से एक टीम गई थी, वह यूनाइटेड नेशन्स टेकनिकल ऐसिस्टेंस प्रोग्रेम से सम्बन्ध रखती थी, जिस में सोविएट रूस भी शामिल है । वह वहां पांच, छः हफ्ते रही, वह आई लेकिन उस की रिपोर्ट अभी नहीं मिली है । अलावा इस के आप जानते हैं कि एक आयरन ऐंड स्टील कारखाने के बारे में भी उन से बात चीत हुई है और इस सिलसिले में वहां से इंजीनियर्स आने वाले हैं ।

श्री एम० एल० द्विवेदी : हमारे जो इंजीनियर्स आयरन और स्टील के काम को सीखने के लिये वहां जा रहे हैं वह कब तक लौट कर आ जायेंगे ?

श्री जवाहरलाल नेहरू : सीखने तो वहां अब तक कोई नहीं गया है, वहां

लोग गये हैं इस प्रोजेक्ट के लिये बात चीत करने, इन्जाम के लिये तफ्सीली बात चीत करने के लिये । अगर किसी को भेजने की जरूरत होगी तो वह बाद में जायेगा ।

N. E. F. A.

*780. **Shri Rishang Keishing** : Will the **Prime Minister** be pleased to state :

(a) whether it is a fact that a large number of persons from NEFA who are involved in various cases of murder have been absconding ;

(b) if so, their number ;

(c) whether it is also a fact that many of the absconders have been arrested by the Burmese Militia ; and

(d) if so, the number of such arrests so far made ?

The Parliamentary Secretary to the Minister of External Affairs (Shri J. N. Hazarika): (a) to (d). The exact number of such absconders who were involved with various cases of murder, and other crimes is not known. 64 of them were, however, arrested by the Burmese authorities and handed over to us. 50 of them were released on giving undertakings of good behaviour as they were not involved in any severe action. 14 are awaiting trial.

Shri Rishang Keishing : May I know the exact number of government officials, government employees and other tribal supporters of Government killed by these people ?

Shri J. N. Hazarika : There is another question in this respect—Question No. 789—and if you will permit me, Sir, I will read the answer to that question.

Mr. Speaker : The hon. Member may put question No. 789 which stands in his name.

N.E.F.A.

*789. **Shri Rishang Keishing** : Will the **Prime Minister** be pleased to state :

(a) whether it is a fact that the Armed Forces of the Burma Government are giving co-operation in the effort of the Indian Government in putting down the disturbances in the District of Naga Hills and the Tuensang Division of N.E.F.A.;

(b) the number of Nagas arrested by the Burmese Armed Forces and handed over to the Indian Army;

(c) the total number of persons arrested in connection with the present disturbances in the Naga Hills and N.E.F.A.; and

(d) the extent of losses in lives and properties suffered so far by both the sides ?

The Parliamentary Secretary to the Minister of External Affairs (Shri J. N. Hazarika) : (a) to (d). The Government of Burma are giving their help and co-operation in apprehending the absconders who escape into their territory. They have handed over 68 absconders. In the present disturbances about 25 lives have lost—5 Assam Rifles, 5 Loyal villagers and 15 Hostiles. So far as loss of property is concerned, one loyal village consisting of 60 houses and 25 granaries was burnt down and another village looted by hostile element. An office and a godown were also burnt. The total number of arrests effected so far come to 339 out of which 293 persons have been released after obtaining undertakings of good behaviour. Of the remaining 46 one has been sentenced to two years imprisonment and 45 are still awaiting trial.

I think the answer which I have now read will give the reply to the hon. Member's supplementary on question No. 780.

Shri Rishang Keishing : May I know to which group or party these murderers belong and what is the approximate number of these people ?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru) : It is very difficult to indicate parties and groups ; they do not display their party symbols.

Shri Rishang Keishing : May I know whether the Government has any idea about the strength of these people ?

Shri Jawaharlal Nehru : It is rather difficult to give any precise information because these people are spread out. We are given to understand that a number of them were in possession of automatic weapons and, possibly, their strength might be 400 or 500 spread over that area.

Shri Rishang Keishing : May I know whether the Government is in receipt of any information about the meeting of Shri A.Z. Phizo, leader of the Naga National Council, with the Governor of Assam and the Chief Minister of Assam ?

Shri Jawaharlal Nehru : Yes. We have learnt that a deputation met the Governor of Assam and subsequently they issued a statement condemning violence, calling upon the people to desist from it and supporting the Government in any

action it may take against those who commit violence.

Shri Rishang Keishing : May I know whether the hon. Prime Minister will now, in view of the statement issued by the Naga National Council, be willing to receive a deputation from the Naga Hills if they want to send one to Delhi?

Shri Jawaharlal Nehru : I am always prepared to meet any Indian national.

Second Five Year Plan

*782. **Shri Viswanatha Reddy** : Will the Minister of **Planning** be pleased to state :

(a) whether the main decisions regarding the targets, expenditure, and the financial implications, in respect of the formulation of the Second Five Year Plan have been made; and

(b) if so, when the final details of the Plan are likely to be completed and the Draft Plan placed before the country?

The Deputy Minister of Planning (Shri S. N. Mishra) : (a) No. The work of preparation of the second five-year plan in consultation with State Governments, Central Ministries and others concerned is in progress.

(b) It is hoped to place the draft outline of the second five-year plan before Parliament and to publish it for comments about the end of November, 1955.

Shri Viswanatha Reddy : May I know how many State Governments have sent up their plans to the Planning Commission so far ?

Shri S. N. Mishra : Almost all the State Governments have submitted their plans and we have held discussions with about eight State Governments so far.

Shri Viswanatha Reddy : May I know whether the Government can say categorically that the State Governments have, in framing their Second Five Year Plan, conformed to the idea that there must be an industrial bias in the Second Five Year Plan ?

The Minister of Planning and Irrigation and Power (Shri Nanda): Yes, Sir.

पंडित डी० एन० तिवारी : क्या इस बात का तखमीना किया गया है कि जो स्कीमें स्टेट सरकारों ने भेजी हैं उन पर कुल कितना रुपया खर्च होने का अनुमान है ?

श्री एस० एन० मिश्र : मैंने इस के बारे में पहले भी बताया था कि जो योजनायें राज्य सरकारों ने भेजी हैं या बनाई हैं उन पर कुल मिला कर ६,००० करोड़ रुपयाखर्च होने का अनुमान है और राज्य सरकारों और मिनिस्टरीज़ की योजनायें यदि देखी जायें तो करीब करीब १२,००० करोड़ रुपये की योजनायें होंगी।

Shri C. R. Chowdary: May I know whether in submitting the plans, the State Governments have submitted and estimate of their financial resources and their availability to implement the plans that they propose ?

Shri S. N. Mishra : That is exactly the purpose of the discussions that we are holding with the State Governments now, because we want to assess their financial resources and also to know what additional amount they would be able to raise by implementing the recommendations of the Taxation Enquiry Commission.

Steel

*784. **Shri Sarangadhar Das** : Will the Minister of **Commerce and Industry** be pleased to state:

(a) the present output of steel by private sector ;

(b) whether it is a fact that the World Bank is considering the question of advancing loan to Tata Iron and Steel Company Ltd., for the expansion of their steel plant ; and

(c) if so, the reaction of Government to the above proposal in the light of the Industrial Resolution of 1948?

The Minister of Industries (Shri Kanungo) : (a) 1,214,696 tons in 1954.

(b) No application has been made by the firm concerned to the World Bank for a loan.

(c) Does not arise.

Shri Sarangadhar Das : May I know if the application for the loan from the Tata Iron and Steel Company is to the Import and Export Bank of the United States ?

Shri Kanungo : They have not informed us anything about it.

Shri T. B. Vittal Rao : May I know whether the Government have since arrived at a decision regarding the

plan for expansion submitted by the Tatas which was under the consideration of the Government ?

Shri Kanungo : The first expansion scheme has been approved and it is under way. This question relates to the second expansion scheme.

Shri T. B. Vittal Rao : What will be the additional output under the first expansion scheme ?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari) : From 7,50,000 to 9,30,000 tons of finished steel.

Chemical Fertilisers

*785. **Th. Jugal Kishore Sinha :** Will the Minister of **Commerce and Industry** be pleased to state:

(a) the exact output *vis-a-vis* the installed capacity of chemical fertilisers during 1954; and

(b) the reasons for the difference between the output and the installed capacity ?

The Minister of Industries (Shri Kanungo) : (a) A statement it is laid on the Table of the House. [*See* Appendix V, annexure No. 34]

(b) M/s. Sindri Fertilisers and Chemicals Ltd., could not attain full rated capacity for Ammonium Sulphate during 1954. M/s. Fertilisers & Chemicals (Travancore) Ltd. who produce Ammonium Sulphate and Super-phosphate were closed down for three months on account of major repairs and power shortage. In the case of super-phosphate, production was below the rated capacity as there was not enough demand for this fertiliser.

ठाकुर युगल किशोर सिंह : प्रोडक्शन को पूरा करने के लिये क्या कोशिशें की जा रही हैं ?

श्री कानूनगो : *एमोनियम सलफेट की जब ज्यादा डिमांड होगी तो ज्यादा प्रोडकशन होगा ।

श्री एम० एल० द्विवेदी : मैं जानना चाहता हूं कि फार्टलाइजर्ज का देश में प्रचार करने के लिये क्या क्या काम किये जा रहे हैं और क्या कारण है कि मांग पूरी नहीं हो रही है ?

श्री कानूनगो : राज्य सरकारें और केन्द्रीय सरकार काफी प्रचार कर रही हैं और डिमांड भी बढ़ रही है ।

श्री एम० एल० द्विवेदी : किस किस्म का प्रचार किया जा रहा है ?

श्री कानूनगो : यह प्रश्न अगर फूड एंड एग्रीकलचर मिनिस्टरी से पूछा जाये तो जवाब मिल सकता है ।

Steel Plant in PEPSU

*786. **Shri Subodh Hasda :** Will the Minister of **Planning** be pleased to state :

(a) whether it is a fact that the PEPSU Government have sent a proposal for the setting up of a steel plant in that State; **and**

(b) if so, the decision taken in the matter ?

The Deputy Minister of Planning (Shri S. N. Mishra) : (a) No definite proposal has been received.

(b) Does not arise.

Small Scale Industries

788. **Shri Viswanatha Reddy :** Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether any data regarding the possibilities of starting small scale industries at various places have been collected by Government ; and

(b) the nature of the proposals finalised so far ?

The Minister of Industries (Shri Kanungo) : (a) and (b). Data are being collected.

Shri Viswanatha Reddy : May I know whether the technical consultants for small-scale industries of the Ford Foundation, who are giving advice to the Government, have been consulted in this respect ?

Shri Kanungo : Some of them have gone away and the economic advisers we have got are being consulted.

Shri Viswanatha Reddy : Have they submitted any report ?

Shri Kanungo : Not yet.

*See note below cols. 3711 and 3712

Export Credit Guaaantee Corporation

*318. **Dr. Ram Subhag Singh** : Will the Minister of **Commerce and Industry** be pleased to refer to the reply given to starred question No. 628 on the 7th March, 1955 and state :

(a) whether the proposal for the establishment of an Export Credit Guarantee Corporation has since been finalised; and

(b) if so, the details thereof ?

The Minister of Commerce (Shri Karmarkar) : (a) No. Sir. The opinions of some of the trade interests who were consulted are awaited and the opinions so far received are being studied.

(b) The question does not arise. But a copy of the Scheme circulated to trade interests is placed on the Table of the House. [*See* Appendix V, annexure No. 35]

Development of Industries

*497. **Shri Tulsidas** : Will the Minister of **Planning** be pleased to state:

(a) whether it is a fact that Government propose to have a common production programme for industries in the large and small-scale sectors;

(b) if so, the names of such industries; and

(c) the details of common production programmes, industry-wise ?

The Deputy Minister of Planning (Shri S. N. Mishra) : (a) Yes, in the case of certain industries.

(b) and (c). A statement is laid on the Table of the Sabha [*See* Appendix V, annexure No. 36]

Shri Tulsidas : May I know whether the policy of price support to certain sectors of industry is considered an essential pre-requisite of the policy of the common production programme for industries ?

The Minister of Planning and Irrigation and Power (Shri Nanda) : That may be one of the measures which may have to be adopted for the purpose of encouraging cottage industries and realising the aim of successful common production programme.

Shri Tulsidas : May I know the names of such industries in which such price support schemes have been formulated ?

Shri Nanda : These matters are now under detailed consideration.

Shri Ramachandra Reddi : May know whether the Rice-milling Committee's report has been referred to the States and their remarks invited ?

Shri S. N. Mishra : The committee has submitted the report and it is under consideration.

Shri Ramachandra Reddi : My question was, whether the report has been referred to the State Governments and whether, their reactions have been received ?

Shri Nanda : That is the normal procedure.

Shri Ramachandra Reddi : May I know when the report will be available for discussion in this House ?

Shri S. N. Mishra : It will be available after the Government has considered it.

Washed Coal

*764. **Shri Sarangadhar Das** : Will the Minister of **Production** be pleased to state :

(a) the policy of Government with regard to the use of washed coal in the steel plants ;

(b) whether a price structure has been fixed of washed coal either permanently or as a temporary measure ;

(c) whether it is a fact that the private collieries are holding up the washeries because the price structure has not been fixed up till now;

(d) if so, to what extent it affects the steel plants ; and

(e) whether Government propose to take immediate steps in the matter ?

The Deputy Minister of Production (Shri Satish Chandra) : (a) The policy that the steel plants should use washed coal has been accepted by the Government. The intention is to set up coal washeries in the public sector if the required quantities do not become available from washeries set up by private collieries.

(b) The price of washed coal (of the Lodna Colliery's washery) has been fixed, subject to review, at the price of steam coal of the appropriate grade.

(c) No.

(d) Does not arise.

(e) Government have already declared that the price of coal will be reviewed and adjusted suitably to cover washing costs.

Shri Sarangadhar Das : May I know if the new steel plants, in making their projects for production, are in any way

handicapped because the authorities do not know the price of the washed coal that they will use and the locality from where they will have to get it ?

Shri Satish Chandra: According to the decision already taken, a State-owned plant with a daily output of 550 tons is being set up near Bokaro and Kargali Collieries to supply washed coal to Rourkela and Bhilai steel plants. The private sector will be encouraged to put up more washeries. If the demand of the new steel plants is not fully satisfied the steel plants will put up their own washeries for washing the balance quantities of coal.

Shri Sarangadhar Das : May I know if it is known now that in the private sector, the colliery owners are not interested in putting up washeries ?

Shri Satish Chandra : It is not so. About 40 collieries have applied for erection of the washeries.

Mr. Speaker : The Question Hour is over.

Short Notice Question and Answer

Third Division Clerks

S. N. Q. No. 5. **Shri Kasliwal :** Will the Minister of **Home Affairs** be pleased to state :

(a) whether the third division clerks of the Central Secretariat have decided to launch 'direct action' for the fulfilment of their demands from the 16th August, 1955;

(b) whether they are opposed to the Central Secretariat Reorganization Scheme which confirmed their present grade;

(c) whether they have demanded the establishment of a Civil Service Arbitration Tribunal and the extension of the Industrial Disputes Act to the clerks; and

(d) if so, what steps Government propose to take in the matter ?

The Deputy Minister of Home Affairs (Shri Datar) : (a) to (d). On the 22nd of June Government received a letter from the Third Division Clerks' Union intimating their intention to initiate 'direct action' if the demands of the Union were not conceded within 75 days. Government have since seen press reports and printed leaflets published by the Union in which a programme of what is called' direct action' has been announced. The so-called 'direct action' it is reported, was to take the form of two processions on the 12th and the 13th instant and attending office from the 16th onwords dressed in progressively less and less clothing. In communicating their intention to launch 'direct action' the Union demanded an increase of their pay-scales to Rs. 100-10-300 and amendment of the Central Secretariat Clerical Scheme. The letter of the 22nd June did not refer to an Arbitration Tribunal or to the Industrial Disputes Act.

2. The Union have already been informed that while the Government are always anxious to ensure fair and adequate remuneration and other conditions of service to Civil servants in the lower income groups within the limits of available finance, a threat to participate in any form of 'direct action' involves a dereliction of duty and is contrary to public interest. In considering claims for higher pay-scales Government cannot, consistently with the trust which they hold from the public with regard to public funds, overlook the overall burden which such increases may place on the taxpayer.

3. While the Government are at all times ready and willing to consider all grievances, they cannot allow themselves to be coerced by threat of or recourse to direct action. Government have the duty of maintaining discipline and proper standards of behaviour among Government servants and where necessary they have to and will take suitable action for this purpose.

Shri Kasliwal : The hon. Minister said that they propose to use less and less clothing. He also said that the Government will take suitable action. May I know whether they propose to amend the service rules so as to ensure that these clerks do not go to the Secretariat in indecent clothing ?

Shri Datar : Government will consider this question when such unfortunate action is resorted to.

Shri Sadhan Gupta : In view of the fact that the Minister has said just now that they are ready to consider all the grievances, may I know if it is not a fact that repeated attempts have been made to open negotiations regarding improvement of the standard of the third division clerks and those attempts have not been heeded to by the Government ?

Shri Datar : It is not correct that their requests were not heeded to. In fact, in this particular case, after considering their grievances, Government allowed two increments to all the people who were clerks and also two additional increments to those who had passed the typing test.

Shri T. B. Vittal Rao : The hon. Minister said that it will involve additional expenditure if the demands are met. May I know if the Government have

assessed the extra expenditure they will have to incur if the demands are to be conceded ?

Shri Datar : The extra expenditure, I am afraid, will be more than Rs. 10 crores if all the clerks are given the increments.

Shri S. L. Saksena : In view of the hard conditions of the third division clerks, will the Government consider the question of settling the matter with them by negotiation ?

Shri Datar : I may point out to the hon. Member that they are already getting Rs. 120/- a month.

Shri M. L. Dwivedi : May I know if it is a fact that the Home Minister gave a warning to the deputationists of clerks and if so whether any agreement has come about that these clerks will not proceed with demonstrations and direct action ?

Shri Datar : I know that the Home Minister advised them not to take recourse to such uncalled for action.

Shri M. L. Dwivedi : May I know whether they showed any willingness to heed this ?

The Minister of Home Affairs (Pandit G. B. Pant) : So far as their conduct indicates, up to this point of time there has been no response.

Shrimati Sucheta Kripalani : Just now the hon. Deputy Home Minister said that two increments have been given to the third division clerks. Is it a fact that those in the subordinate offices have not received these two increments ?

Shri Datar : These have been given only to the people in the Secretariat and attached offices. It would be very difficult to give these increments to others. That is what I have said.

Mr. Speaker : Now we will go to the next item of business.

WRITTEN ANSWERS TO QUESTIONS

Trade Delegation to Middle East

*742. **Shri Bibhuti Mishra :**
Sardar Iqbal Singh :

Will the Minister of **Commerce and Industry** be pleased to refer to the reply given to Starred Question No. 220 on the 25th February, 1955 and state :

(a) whether a report has since been submitted by the Trade Delegation sent to the Middle East Countries;

(b) if so, the main recommendations made by the Delegation; and

(c) the decisions taken thereon ?

The Minister of Commerce (Shri Karmarkar) : (a) Yes, Sir. Copies have been placed in the Parliament Library.

(b) A statement as laid on the Table of the House. [*See* Appendix V, annexure No. 37]

(c) Such of the recommendations as require action are under examination.

Trade with Middle East Countries

*743. **Shri M. R. Krishna :** Will the Minister of **Commerce and Industr** be pleased to state whether any trade relations have been established with any Middle East countries after the receipt of the recommendations of the Birla Mission ?

The Minister of Commerce (Shri Karmarkar) : Trade relations between India and the Countries of the Middle East have existed since centuries and are continuing to exist.

The Goodwill Trade Mission sent by Government under the leadership of Shri M. P. Birla in December-January last has made certain suggestions for the expansion of India's trade with the countries in the Middle East, and not for the establishment of trade *relations* with any or all of them.

International Tea Agreement

*744. **Shri S. N. Das :** Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether negotiations for a fresh International Tea Agreement between the countries concerned have started;

(b) if so, who has taken the initiative; and

(c) the state at which the negotiations stand ?

The Minister of Commerce (Shri Karmarkar) : (a) Yes, Sir.

(b) The International Tea Committee.

(c) Draft agreement is under consideration of the countries concerned.

Handlooms

*747. **Shri Sivamurthi Swami :** Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether any report has been received from the State Governments regarding the number of active and idle handlooms in the year 1954-55; and

(b) whether it is a fact that the number of idle looms is on the increase ?

The Minister of Industries (Shri Kanungo) : (a) No, Sir.

(b) No. Sir. Not according to the information we have.

Russian Steel Plant

*748. **Shri Krishnacharya Joshi** : Will the Minister of **Iron and Steel** be pleased to state whether the Prime Minister in his recent visit of U.S.S.R. discussed with the Russian authorities the details regarding the Steel Plant proposed to be set up in India with Russian aid?

The Minister of Industries (Shri Kanungo) : No, Sir.

स्लीपर

*७५०. { **श्री रघुनाथ सिंह** :
श्री पी० न० राजभोज :

क्या **प्रधान मंत्री** यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि काश्मीर में अखनूर में चिनाब नदी के किनारे विभिन्न स्थानों पर जो एक लाख पचास हजार स्लीपर पड़े हुये थे वे नदी में बह कर पाकिस्तान पहुंच गये; और

(ख) यदि हां, तो ऐसे कितने स्लीपर पाकिस्तान से वापिस मिल गये हैं ?

वैदेशिक कार्य मंत्री के सभासचिव (श्री साबत अली खां) : (क) यह अनुमान किया जाता है कि सितम्बर, १९५४ और मई, १९५५ में भारी बाढ़ के कारण, लगभग डेढ़ लाख स्लीपर, चिनाब नदी में बह कर पाकिस्तान पहुंच गये ।

(ख) पाकिस्तान से कोई स्लीपर वापिस नहीं मिले हैं ।

Textile Industry

*751. **Shri K. G. Deshmukh** : Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether an all India survey of the textile industries, including an inquiry into the working of the uneconomic units, would be launched shortly; and

(b) whether it is a fact that a special Bureau is being set up for this purpose

The Minister of Industries (Shri Kanungo) : (a) A survey has been undertaken of Textile mills in the country primarily with a view to ascertaining the state of the machinery in use. It is expected that information in regard to related facts will also be collected.

(b) No special Bureau has been set up though additional staff has been engaged for the purpose.

Soda Ash Plant

*752. **Shri K. P. Sinha** : Will the Minister of **Commerce and Industry** be pleased to refer to the reply given to Starred Question No 413 on the 26th November, 1954, and state how far the proposal to establish a Soda Ash Plant in Saurashtra has materialised?

The Minister of Industries (Shri Kanungo) : A licence has been issued in March 1955 for establishing a Soda Ash plant, with capacity of 200 tons per day, at Porbandar in Saurashtra. It is understood that effective steps are to be taken by the firm concerned by September 1955.

Radio Industry

*756. **Shri Jethalal Joshi** : Will the Minister of **Information and Broadcasting** be pleased to state:

(a) the progress made by the Radio Industry in India so far; and

(b) the total number of radio sets produced during 1954-55?

The Minister of Information and Broadcasting (Dr. Keskar) : (a) The Radio Industry in India is entirely a post-war development and is left to the private sector. In 1947, there were only two factories assembling radio receivers with a capacity of 8000 sets a year. There are at present, however, 15 such organised units with a capacity of 1,38,100 sets per annum, though the manufacturers claim that their capacity is about 2,67,800 sets a year. The actual production of radio receivers has increased from 3033 sets in 1947 to 56,603 in 1954;

(b) 57,077 radio sets were produced during 1954-55.

Porcelain Teeth

*760. **Th. Jugal Kishore Sinha** : Will the Minister of **Commerce and Industry** be pleased to state:

(a) the total value of porcelain teeth imported during the last two years ;

(b) the names of the countries from which they are mainly imported;

(c) the steps, if any, taken to manufacture the same in this country; and

(d) the progress made so far?

The Minister of Commerce (Shri Karmarkar) : (a) and (b). The information asked for is not available, as porcelain teeth are not separately shown in import trade statistics.

(c) and (d). A firm in Delhi was granted a licence in 1953 to import plant for the manufacture of porcelain teeth. Part of the plant has arrived and production is expected to commence in 6 to 8 month's time.

Shri V. K. Krishna Menon's Visit to China, U.K. and U.S.A.

*761. **Shri G. P. Sinha** : Will the **Prime Minister** be pleased to state the purpose of the visit of Shri Krishna Menon to China, U.K. and U.S.A. in the month of June, 1955?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru) : Shri Krishna Menon, as Leader of the Government of India's Delegation to the United Nations and otherwise also on behalf of the Government, has been engaged in conversations with various governments in regard to important international issues. Last year, at the time of the Geneva Conference relating to Indo-China, his presence in Geneva was of great help. Subsequently, he has discussed these problems as well as other international problems of importance with representatives of the U.S.A., U.K., Canada and China. His visit to Peking was at the invitation of Premier Chou En-lai.

Indo-China

*763. **Shri D. C. Sharma** : Will the **Prime Minister** be pleased to state:

(a) whether Government have received any reports from the three International Supervisory Commissions in Indo-China; and

(b) if so, the nature of those reports?

The Parliamentary Secretary to the Minister of External Affairs (Shri J. N. Hazarika) : (a) The Government of India have received the following reports from the three International Commissions for Supervision and Control in Viet-Nam, Laos and Cambodia;

(i) First, second and third Interim Reports from the International Commission in Viet-Nam covering the periods 11-8-54 to 10-12-54, 11-12-54 to 10-2-55 and 11-2-55 to 10-4-55 respectively.

(ii) Interim Report from the International Commission in Laos.

(iii) First and second Interim Reports from the International Commission in Cambodia covering the periods 11-8-54 to 21-12-54 and 1-1-55 to 31-3-55 respectively.

(b) The reports give an account of the activities of the three Commissions, the progress made and the difficulties encountered by them in implementing the Cease Fire Agreements signed at Geneva on the 20th July, 1954.

Betel Leaves

*765. **Shrimati Ila Palchoudhury** : Will the Minister of **Commerce and Industry** be pleased to state :

(a) the quantity and value of betel leaves exported to Pakistan during the period from the 1st January to the 30th June, 1955 ; and

(b) the names of the States which exported these betel leaves ; and

The Minister of Commerce (Shri Karmarkar) : (a) and (b). During the 1st January to 30th June, 1955 betel leaves valued at Rs. 56,554/- were exported to Pakistan. Information about the quantity of betel leaves and the States which exported them is not available.

Flood Control

*766. **Shri A. N. Vidyalankar** : Will the Minister of **Irrigation and Power** be pleased to state:

(a) whether Government have investigated the possibilities of utilizing the Chinese method of flood control by utilising cheap indigenous material like bamboo, grass and boughs of trees;

(b) whether experiments have been tried on these lines; and

(c) if so, where and with what results?

The Deputy Minister of Irrigation and Power (Shri Hathi) : (a) to (c) Such material is used in China for protecting banks as a purely temporary measure and not as a method of flood control. This is being done here also.

Nuclear Reactor

*769. **Shri M. Islamuddin** : Will the **Prime Minister** be pleased to stat :

(a) whether it is a fact that Gove ment propose to set up a second Nuclear Reactor, in addition to the nuclear reactor now bein g set up in Bombay;

(o) the place where it will be set up; and

(c) the expenditure that is likely to be incurred thereon?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru) : (a) Yes.

(b) Site of the Atomic Energy Establishment at Trombay near Bombay.

(c) Approximately Rs. 3 crores, but the cost depends largely on the final design.

British Jet Fighters

*771. **Shri A. K. Gopalan** :
Shri H. N. Mukerjee :
Shrimati Renu Chakravartty :

Will the **Prime Minister** be pleased to state:

(a) whether Government have permitted a large number of British jet fighters and bombers to pass through Indian airports during the last three months ;

(b) if so, their number and the facilities extended to them by Government; and

(c) the purpose of these flights and their destinations?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan) : (a) and (b). Forty R.A.F. jet fighters and bombers have been permitted to land at Indian airports during the last three months.

Normal refuelling and air traffic control facilities were provided to the R.A.F. aircraft at the airports during their transit through India. R.A.F. Air Traffic Control Officers were also permitted to supervise the landing of these aircraft as this was a highly technical operation.

(c) The destination of these aircraft was U.K. to Singapore or Singapore to Mauripur and back. They were engaged in ferrying. There were no passengers except on one occasion when there was one passenger. The cargo consisted of personal luggage only.

Transit facilities to R.A.F. aircraft through India are given in consideration for various facilities enjoyed by the Indian Air Force and their aircraft in the U.K. Some such facilities are given by mutual arrangement to other countries also.

Asians in U.N. Secretariat

*775. **Shri Krishnacharya Joshi** : Will the **Prime Minister** be pleased to tate:

(a) whether the proposal of the in dian Delegation for the increased repre sentation of Asia at all levels in the U.N Secretariat has been asccepted ; and

(b) if so, the percentage of representa tion now given to such countries?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru) : (a) Shri V. K. Krishna Menon, Chairman of the Indian Delegation for the last two Sessions of the United Nations General Assembly, has drawn attention to and pressed the need for greater and equitable representation of Asian countries in the staff of the United nations Secretariat. The Secretary-General of the United Nation has accepted the need for more equitable representation. The Government of India is far from satisfied about the present position in regard to the numbers and level of representation of India and of other Asian countries in the Secretariat of the United Nations. This matter is being pursued and the claims of India and other Asian countries will be pressed by our Delegation.

(b) The figures about the percentage of representation would not give a correct picture of the place of Asian countries or of India in the Secretariat as much depends upon the level of posts held as well as of the total figure of employees in respect of whom the percentage is calculated. The present number of posts held by Indians in the Secretariat on the 31st August, 1954 is 48 in which there are no posts of the highest level and only two among the principal officers. The total number of Asians and Africans in the Secretariat is 179 out of which six are in the principal officers' category. This includes China which is now represented by the Formosan authorities which has 51 posts in the Secretariat in which three are in the principal officers category.

Compensation

*781. **Shri Gidwani** : Will the Minister of **Rehabilitation be** pleased to state:

(a) when Government expect to pay compensation to all categories of displaced persons; and

(b) whether Government have formulated any scheme for issuing Bonds to expedite the payment of compensation?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle) : (a) Applications for compensation have been invited and the last date for filing such applications is 26th September, 1955. It is difficult at this stage to say, how long it will take to pay compensation to all categories; but every effort will be made to expedite payment.

(b) No.

Trade with East Africa

*783. **Shri Jethalal Joshi :** Will the Minister of **Commerce and Industry** be pleased to state:

(a) the quantum of the export trade of India with East African countries like Uganda, Kenya, Tenganyika and Zanzibar;

(b) how it compares with the last two years' export trade; and

(c) in case the trade in East Africa is receding, the reasons therefor?

The Minister of Commerce (Shri Karmarkar) (a) and (b). India's exports to East Africa were valued at Rs. 14.29 crores, Rs. 15 14 crores and Rs. 17.5 crores in the years 1952-53, 1953-54, and 1954-55 respectively. The export trade has thus been showing a rising trend

(c) Does not arise.

U.N. Disarmament Commission

*787. **Shri Krishnacharya Joshi :** Will the **Prime Minister** be pleased to state:

(a) whether the Disarmament Commission of the United Nations have considered the Indian proposal for an "Armaments Truce"; and

(b) if so, its main recommendations to the General Assembly in this matter?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru) : (a) and (b). The General Assembly referred the Indian proposal on armament truce to the Disarmament Commission for consideration. As far as is known, the Commission has not yet considered the proposal. The whole subject of disarmament, in its various aspects, and the proposals from a number of countries relating to it, are before the Commission, and no final decision have been arrived at.

सीमेंट के कारखानें

*३४३. **श्री एस० एन० दास** : क्या **योजना** मंत्री यह बताने की कृपा करेंगे कि क्या बिहार सरकार ने उत्तरी बिहार में चार सीमेंट के कारखाने खोलने का कोई प्रस्ताव भेजा है ?

The Deputy Minister of Planning (Shri S. N. Mishra) : The Government of Bihar have recently submitted a proposal for establishing a cement factory as a part of the Second Five Year Plan. One of the locations stated to be under investigation is on the Indo-Nepal frontier.

Dambaroo Fall

357. **Shri N. B. Chowdhury :** Will the Minister of **Irrigation and Power** be pleased to refer to the reply given to Starred Question No. 190 on the 28th July, 1955 and lay on the Table of the House a copy of the report of the investigations held in 1948 regarding the Dambaroo Fall in Tripura?

The Deputy Minister of Irrigation and Power (Shri Hathi) : A copy of the report is laid on the Table of the House. [*See* Appendix V, annexure No. 38]

Sindri Fertilizers and Chemicals Ltd.

358. **Shri Anirudha Sinha :** Will the Minister of **Production** be pleased to state the number of technicians and engineers trained so far at the Training Section of the Sindri Fertilizers and Chemicals Limited, since its inception?

The Deputy Minister of Production (Shri Satish Chandra): 194.

चीन-नेपाल संधि

३५६. **श्री रघुनाथ सिंह** : क्या **प्रधान मंत्री** यह बताने की कृपा करेंगे कि क्या चीन और नेपाल के बीच में कोई संधि हुई है ?

प्रधान मंत्री तथा वैदेशिक कार्य मंत्री (श्री जवाहरलाल नेहरू) : कोई संधि नहीं हुई है। लेकिन नेपाल और चीन की सरकारों ने एक इत्तलानामा (घोषणा) छापी है जिसके अनुसार दोनों देशों के बीच राजनयिक सम्बन्ध राज दूतों के द्वारा क़ायम होगा। चीन और नेपाल के राजदूत जो भारत में है वही नेपाल और चीन में भी राजदूत होंगे। भारत सरकार इस समझौते का जो भारत के दो पड़ोसी मित्र देशों में हुआ है, और इस घोषणा का कि उनका सम्बन्ध पंचशील के अनुसार रहेगा, स्वागत करती है।

Hindustan Shipyard Ltd.

360. **Shri D. C. Sharma :** Will the Minister of **Production** be pleased to state the number of foreigners employed at present in the various departments of the Hindustan Shipyard Limited

The Deputy Minister of Production (Shri Satish Chandra): Nine French technicians are at present employed in the Hindustan Shipyard Limited in the following positions :—

(a) Technical Director . .	One
(b) Chief Shipyard Manager	One
(c) Production Manager .	One
(d) Outfit Engineer (Hullshop) .	One
(e) Control Engineer (Outfit)	One
(f) Workshop Supervisor . .	One
(g) Supervisor of Draughsmen in Hull and Outfit Drawing Office . . .	Two
(h) Mould Loft and Erection Supervisor . .	One

Loans to Displaced Persons

361. Shri Ibrahim : Will the Minister of **Rehabilitation** be pleased to state :

(a) the total amount of loans advanced by the Government of India to displaced persons in the various States during the years 1952, 1953 and 1954 ;

(b) the amounts realised out of these loans during the above periods ;

(c) the interest, if any, due on these loans in each year ;

(d) the total loan outstanding on the 31st March, 1955 ; and

(e) the total interest outstanding on that date ?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): (a) to (e). The information is not readily available. The labour and time involved in collection of this information will be incommensurate with the results to be achieved.

आकाशवाणी

३६२. **डा० सत्यवादी** : क्या **सूचना और प्रसारण** मंत्री यह बताने की कृपा करेंगे कि

(क) गत पांच वर्षों में आकाशवाणी के इलाहाबाद केन्द्र के कार्यक्रमों में भाग लेने के लिये कितने कलाकारों को आमंत्रित किया गया था ; और

(ख) उन में से अन्य राज्यों से कितने कलाकार आये थे ?

सूचना और प्रसारण मंत्री (डा० केसकर) : (क) १७६६ ।

(ख) ६५ ।

Handlooms

363. Shri Sivamurthi Swami : Will the Minister of **Commerce and Industry** be pleased to state :

(a) the amount in the shape of rebate on handloom cloth actually given to the sales depots in 1955 so far State-wise : and

(b) the quantity of handloom cloth exported upto August, 1955 ?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari) : (a) Information is not available. A statement showing grants sanctioned to States in 1955 (upto 10th August) for the rebate scheme is attached. [*see* Appendix V, annexure No. 39].

(b) 20·5 million yards upto end of May 1955. Precise figures of exports during June and July 1955 are not yet available.

नाहन फाऊंड्री

३६४. **श्री रघुनाथसिंह** : क्या **लोहा और इस्पात** मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि सरकार नाहन फ़ाउंड्री के इन्जीनियरिंग विभाग को अलग करने का विचार करती है; और

(ख) यदि हां, तो क्यों ?

वाणिज्य और उद्योग तथा लोहा और इस्पात मंत्री (श्री टी० टी० कृष्णमाचारी): (क) जी, नहीं ।

(ख) प्रश्न उठता ही नहीं ।

Indians in Ceylon

365. { Dr. Ram Subhag Singh :
{ Shri Raghunath Singh :

Will the **Prime Minister** be pleased to state the number of persons of Indian origin whom the Indian High Commission in Ceylon has so far registered as Indian nationals since July, 1954 ?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru) : 4,007.

Molasses

366. Shri K. P. Sinha : Will the Minister of **Commerce and Industry** be pleased to state the quantity of molasses available for export this year ?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari) : 3,000 tons.

Tawang Monastery in NEFA

367. Dr. Ram Subhag Singh : Will the **Prime Minister** be pleased to state :

(a) whether it is a fact that the ecclesiastical officers from Tibet in the Tawang monastery of the NEFA have now been replaced by the local people ; and

(b) if so, how that monastery and its Tibetan books and literatures are being managed now ?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru) : (a) The ecclesisatical officers from Tibet have been replaced by the local people. This change over was effected by the people themselves.

(b) There has been no change in the system of management of the Monastery. The Monestery officials fall under three different categories:

(*i*) Labrang—Who supervise the religious affairs.

(*ii*) Dachang— In charge of Monastery property.

(*iii*) Nyerstang—In charge of rations of the Monastery.

The Labrang Officials are responsible for looking after the Monastery library.

Pondicherry Administration

368. Shri A. K. Gopalan : Will the **Prime Minister** be pleased to state :

(a) the total monthly emoluments at present drawn by the teachers (Primary, Secondary and University) employed by the Pondicherry Administration ; and

(b) whether Government propose to continue paying these emoluments after the *de jure* transfer of power ?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru) : (a)

Nature of Post	*Monthly salary*	
Primary Education.	*Starting*	*Ceiling*
1. Teacher of Indian language . .	96	246
2. English teacher, IIIrd order . . .	96	246
3. French teacher	102	278
Secondary Education:		
1. English teacher, IInd order . . .	102	278
2. English teacher Ist order . . .	148	386
University education :		
1. Assistant Professors with degrees obtained in Pondicherry .	180	536
2. Assistant Professors with degrees obtained in France . .	550	1318

Besides, family allowance at the rate of Rs. 10/- per mensem per child is also admissible to every teacher and professor.

(b) The matter will be considered at the time of *de jure* transfer.

Former French Possessions in India

369. Shri A. K. Gopalan : Will the **Prime Minister** be pleased to state :

(a) whether it is a fact that after the transfer of power, there has been some reduction in the quantum or variety of free midday meals supplied to students in the former French Possessions in India ; and

(b) if so, the reasons therefor and the extent to which it has been reduced ?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru) : (a) and (b). No.

अन्तर्राष्ट्रीय प्रदर्शनियां

३७०. सेठ गोविन्द दास: क्या वाणिज्य तथा उद्योग मंत्री यह बताने की कृपा करेंगे कि :

(क) १९५४–५५ में भारत में कितनी अन्तर्राष्ट्रीय प्रदर्शनियां हुईं; और

(ख) इन प्रदर्शनियों में किन किन देशों ने भाग लिया ?

वाणिज्य और उद्योग तथा लोहा और इस्पात मंत्री (श्री टी० टी० कृष्णमाचारी) : (क) केवल एक ।

(ख) यह जानकारी इकट्ठी की जा रही है और यथा समय सदन की मेज पर रखी जायेगी ।

विमान द्वारा निर्यात

३७१. **सेठ गोविन्द दास** क्या **वाणिज्य तथा उद्योग** मंत्री यह बताने की कृपा करेंगे कि अप्रैल से जून १९५५ की कालावधि में कितने टन व्यापारी माल विमान द्वारा अफगानिस्तान को निर्यात किया गया और अफगानिस्तान से कितना आयात किया गया और वह कितने मूल्य का था ?

वाणिज्य और उद्योग तथा लोहा और इस्पात मंत्री (श्री टी० टी० कृष्णमाचारी) : अप्रैल-मई १९५५ की अवधि में विमान द्वारा भारत से अफगानिस्तान को १,३७,००० रु० का निर्यात हुआ और अफगानिस्तान से भारत को ६,००० रु० का आयात हुआ । जून १९५५ में विमान द्वारा हुए निर्यात व आयात के आंकड़े अभी उपलब्ध नहीं हैं ।

विमान द्वारा भारत से अफगानिस्तान को तथा अफगानिस्तान से भारत को जो सामान निर्यात व आयात किया गया, उस सामान के परिमाण सम्बन्धी आंकड़े भी टनों में उपलब्ध नहीं हैं ।

Printing Presses

372. **Pandit D. N. Tiwary** : Will the Minister of **Works, Housing and Supply** be pleased to state :

(a) whether it is a fact that Government printing presses also undertake private jobs ; and

(b) if so, the income derived from private jobs in 1953-54 and 1954-55 ?

The Minister of Works, Housing and Supply (Sardar Swaran Singh): (a) Except in the Photo Division of the Government Photo Litho Press where photostating and microfilming work on behalf of certain private bodies such as Gandhi Smark Nidhi is done, no private jobs are undertaken by the Government of India Presses.

(b)

	1953-54	1954-55
	Rs.	Rs.
Printing . . .	Nil	Nil
Photostating and Microfilming .	13,127	5,770

Power Developments

373. **Shri S. C. Samanta** : Will the Minister of **Irrigation and Power** be pleased to state :

(a) the number of Power Development Schemes received so far from the various States, State-wise :

(b) the number of the Schemes sanctioned and the number of those which have been completed ;

(c) whether the remaining schemes are expected to be completed within the First Plan period ; and

(d) whether the Power Wing of the Central Water and Power Commission also dealt with the small town and rural electrification schemes ?

The Deputy Minister of Irrigation and Power (Shri Hathi) : (a) to (c) A statement is laid on the Table of the House. [*See* Appendix V, annexure No. 40.]

(d) Yes Sir. They furnished their technical opinion on these Schemes to the Planning Commission.

Exhibitions

374. **Shri Radha Raman** : Will the Minister of **Commerce and Industry** be pleased to state :

(a) whether Government have accepted the invitations from other countries to participate in exhibitions there in 1955 ;

(b) if so, the names of the countries who extended the invitations ;

(c) the nature of these exhibitions and the types of exhibits that India proposes to send there for display ; and

(d) the names of the places where these exhibition will be held ?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari) : (a) Yes, Sir.

(b) to (d). A statement is attached. [*See* Appendix V, annexure No. 41]

Coal Commissioner's Department

375. **Shri Sadhan Gupta** : Will the Minister of **Production** be pleased to state:

(a) the primary conditions that are required to be fulfilled by a Department to be declared permanent ; and

(b) whether the office of the Coal Commissioner fulfils those conditions?

The Deputy Minister of Production (Shri Satish Chandra) : (a) The main condition is that the work of the department should be of a permanent character.

(b) While the part of the Coal Commissioner's Organization which deals with production in State Collieries can be said to fulfil the above condition, rest of the Organisation which was created for the administration of controls is not of a permanedt character. The matter is, however under consideration.

ग्यान्सी दुर्घटना

३७६. **श्री के० सी० सोधिया** : क्या **प्रधान मंत्री** यह बताने की कृपा करेंगे कि :

(क) क्या भारत सरकार के उन लगभग चालीस कर्मचारियों के परिवारी के सदस्यों (उत्तराधिकारियों) को कोई क्षतिपूर्ति दी गई है जिन्होंने ग्यान्त्सो व्यापार एजन्सी में बाढ़ के फलस्वरूप गत वर्ष अपने परिवारों के सदस्यों सहित जान गवा दीं ;

(ख) यदि हां, तो इस प्रकार कितनी राशि दी गई और क्षतिपूर्ति की अधिकतम और न्यूनतम राशि कितनी थी; और

(ग) यदि अभी तक कोई क्षतिपूर्ति नहीं दी गई है, तो उसके कब तक दिये जाने की सम्भावना है ?

प्रधान मंत्री तथा वैदेशिक कार्य मंत्री (श्री जवाहरलाल नेहरू) : (क) जी हां।

(ख) सिक्किम में पोलिटिकल अफसर को हमारे कर्मचारियों की तत्कालिक सहायता के लिये १३,००० रु० दिय गय थे । ग्यान्त्सी में व्यापारी एजेंट के परिवार के सदस्यों की मदद के लिये २,५०० रु० विशेष अनुदान के रूप में मंजूर किये गये थे । भारतीय व्यापारी एजेंट के पुत्र के लिये जो लन्दन में पढ़ रहा था, ७,००० रु० और भी प्रधान मंत्री की स्वैच्छिक निधि से दे दिये गये थे ।

(ग) मरे हुये व्यक्तियों के परिवारों को पेन्शन और उपहार ग्रेचुटी देने का प्रश्न विचाराधीन है ।

Fertilisers

377. **Shri S. V. L. Narasimham**: Will the Minister of **Commerce and Industry** be pleased to state :

(a) the total production of fertilisers during the year 1954-55; and

(b) the annual consumption of fertilisers in Andhra ?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari) : (a)

Ammonium Sulphate	364,636 tons
Super-phosphate	102,730 tons

(b) About 80,000 tons out of which 70,000 tons is in the form of Ammonium Sulphate and the rest in the form of such fertilisers as Super-phosphate. Urea etc.

N.E.F.A.

378. **Shri Rishang Keishing** : Will the **Prime Minister** be pleased to state :

(a) whether it is a fact that some high officials of the Ministry of External Affairs visited the Naga Hills and Tuensang Division of NEFA recently ; and

(b) if so, purpose of their visit.

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru) : (a) and (b). A senior official of the External Affairs Ministry visited Tuensang in March this year as he had visited the other divisions but not this one before. The purpose of his visit was to acquaint himself with the local problems and discuss them with the local administration, regarding the building of roads, schools, hospitals and maintenance of law and order.

Forward Contracts in Cotton

379. **Sardar Iqbal Singh** : Will the Minister of **Commerce and Industry** be pleased to state :

(a) the number of applications received so far by the Forward Markets Commission during the current year for permission in forward contracts in cotton :

(b) the names of the States from which these applications have been received ; and

(c) the names of the States where permission for forward contracts in cotton has been granted so far ?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari) : (a) 30.

(b) Bombay, Madhya Pradesh, Hyderabad, Punjab, Madhya Bharat, Saurashtra PEPSU, Rajasthan, Aimer and Delhi.

(c) Bombay.

Manganese ore

380. Dr. Rama Rao : Will the Minister of **Commerce and Industry** be pleased to state :

(a) the total value of Manganese Ore exported in 1951 ;

(b) the quantity produced annually in the States of Andhra and Madhya Pradesh since 1951 ; and

(c) the number of ferro-manganese plants existing in the country at present ?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari) : (a) Rs. 5,20,44,090.

(b)

	Andhra	*Madhya Pradesh*
In 1951	66,355 tons	700,769 tons
In 1952	115,617 tons	749,456 tons
In 1953	219,024 tons	914,883 tons

(Later figures not available)

(c) There are no plants solely for production of ferro-manganese but ferro-manganese is at present being produced in the blast furnaces at Jamshedpur by The Tata Iron and Steel Co. to meet the major portion of the internal demand.

Tribal Families in Tripura

381. Shri Dasaratha Deb : Will the Minister of **Rehabilitation** be pleased to state :

(a) whether it is fact that a large plot of land of Tribal people has been forcibly occupied by displaced persons at BALUCHARA of Khowai Division (Tripura) ;

(b) whether it is fact that in spite of repeated representations the local authority have not yet taken any action ; and

(c) if so, the reason therefor ?

The Deputy Minister of Rehabilitation (Shri j. K. Bhonsle) : (a) and (b). No.

(c) Does not arise.

NOTE *vide* footnote below col. 3687

This answer was later corrected by the Minister of Commerce and Industry (Shri T. T. Krishnamachari) *vide* Part II Debates dated 29.9.55. as follows :

"So far as ammonium sulphate is concerned, the factories were producing to full capacity during the first half of the current year. The production of superphosphate will increase as the demand grows"

LOK SABHA DEBATES

(Part II—Proceedings other than Questions and Answers)

VOLUME VI, 1955

(16th August to 3rd September, 1955)

TENTH SESSION, 1955

(Vol. VI contains Nos. 16 to 30)

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LOK SABHA DEBATES

(Part II—Proceedings other than Questions and Answers)

LOK SABHA

Tuesday, 16th August, 1955

The Lok Sabha met at Eleven of the Clock.

[MR. SPEAKER *in the Chair*]

QUESTIONS AND ANSWERS

(*See Part I*)

12.07 P.M.

MOTION FOR ADJOURNMENT

POLICY OF GOVERNMENT TOWARDS FREEDOM MOVEMENT IN GOA

Mr. Speaker: I have received two notices of adjournment motions. One of them, I am given to understand, is not being pressed. The other also relates to the same subject, but in a little different form.

> "The unhelpful policy and harmful attitude of the Government of India towards the Indian struggle for Goan freedom, which have contributed to the massacre of peaceful Indian satyagrahis by Portuguese imperialists in Goa."

What has happened is undoubtedly very unfortunate. Every one of us sympathises with those who have lost their lives and respects them for their courage and the sacrifice that they have made in the cause of the nation. But, this adjournment motion, to my mind, will not be admissible as we have had a debate recently on this question and the situation is a continuing one. If the hon. Member wishes to find fault with the Government of India and censure them, he should take some other course, other than the procedure of adjournment motions.

Shri Kamath (Hoshangabad): Will I have an opportunity?

Mr. Speaker: If he tables a motion for censure saying that he has no confidence in the Government, it will have precedence. Under the rules he will see that if he wants to go to that length, he would have an opportunity. But, he cannot bring a censure motion indirectly in the form of an adjournment motion, which has its own limitations. The subject was discussed. If he wants a discussion of the subject, he has already had it. So, I do not think I can consent to this adjournment motion.

Shri Kamath: The situation has taken a different turn now.

Mr. Speaker: Whatever it may be. As I said, the struggle is going on from day to day and as it increases in intensity, we are sure to have such incidents every day. We cannot therefore adjourn the House and discuss the same thing over. There is hardly anything to discuss now after a long discussion here, including the remedies which the Opposition had to suggest as to the attitude which the Government should take. If they are dissatisfied with the Government attitude, the straight course is to have a motion of no confidence in the Government, but not again and again an adjournment motion whenever any unfortunate incident happens in Goa. I am, however, requesting the hon. Leader of the House, as I did before, that he may make a statement of all such facts as are with the Government today. And I will repeat the request which I made last time, that he may also give information to the House of the happenings in Goa from time to time in the form of statements and let

[Mr. Speaker]

us have authorised information on the subject. That is one part of it.

I may also request him to state in his statement if there be any change in the policy of Government in view of what is happening and what happened yesterday. It is for him to state whatever he likes, but I am making this request so that the public feeling on this question which is running high may have some soothing effect by knowing as to what the Government proposes to do and what the attitude of the Government is.

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): Sir, some time ago you were pleased to intimate to me that I should keep the House informed about developments in regard to Goa. I have endeavoured to do so, sometimes by making statements in the House, at other times informally informing Members interested.

In regard to the events which happened yesterday it is very difficult for me to give any precise and accurate information. The newspapers this morning, hon. Members must have seen themselves vary greatly in their estimates of the casualties.

Ever since yesterday afternoon, and this morning, I have been in constant touch with Bombay, because Bombay is the best place to obtain this news, and the most authentic information that we have received from the Bombay Government thus far is that there have been fifteen deaths and tewenty-eight injured. I do not pretend to say that this is the final figure. May be, some more information may be coming but this itself shows how difficult it is to get exact information, because these incidents happened in Portuguese territory and there was nobody to watch them except those who went. Sometimes some of these incidents could be watched from the border or by some foreign correspondent here and there. No Indian correspondent had been allowed entry by the Portuguese authorities. Thus far, therefore, the information at our disposal is that there are 15 dead. Two of these died in hospital in Indian territory. They were brought back. The others died on the spot more or less, and there are 28 injured. Now, there is a possibility of more deaths having occurred in a tunnel in the Castlerock region because they went through a railway tunnel and as they came across a bend, tney were met by a fusillade there and a number fell, some dead, some wounded. How many were wounded, how many dead, it is very difficult for people to know. Then again, a difficulty has arisen because many people went, were pushed back or came back after the firing. Some were arrested or kept back by the Portuguese authorities, and sometimes when they were kept back and did not return, it was presumed that they may have been shot at and were dead. Therefore, it is very difficult to give exact figures to the House. All I can say for the present is that we have official information about 15 dead and 28 injured.

As the House knows, this entry of satyagrahis took place in a number of places, both round the Goa territory and Daman in the north. As far as is known, in Diu there was no firing. About 81 persons went in and they apparently are still there. It is not quite clear what has happened to them. Anyhow, they have not come out. This is our latest information. In fact, according to our information, 800 people are still in Goan territory. Till this morning this is our information, that they had not come out or had not been pushed back. Of course the number that went was a much larger number, more than 2,000.

Hon. Members may have seen among the reports that have come in the press mention of a lady, Subhadrabai from Sagar, Madhya Pradesh.

Some Hon. Members: West Bengal.

Dr. Ram Subhag Singh (Shahabad South): Sagar is her name.

Shri Jawaharlal Nehru: Name? May be. There might be some mistake about that perhaps. Anyhow, Subhadrabai, from all accounts received, acted with quite extraordinary courage and something which fills us with pride. Anyone, even though he might not be an Indian, he should be filled with pride at the courage shown by that woman. More so for us who are Indians, to think that this woman went; and as far as the accounts go, when the first firing took place, they had been directed by those organising them to lie down. They did lie down. Then, as they got up, she got up and took hold of the national flag and was shot at while she was shouting *Bharat Mata ki jai*. This one instance I bring to the notice of the House. There may be many other instances of courage which no doubt we will get to know sooner or later.

Now, it is not for me to say much at this stage about the individual acts committed there or to give a detailed account, because I do not possess it. Naturally, every one in this House and in this country will deeply sympathise with those who have suffered and pay a tribute of admiration to those who have given their lives in this way.

On the other hand, from all accounts received, the behaviour of the Portuguese authorities was—and I am trying to use restrained language—brutal and uncivilised in the extreme. I am not aware of even any hint being made that these satyagrahis who went had any kind of a weapon or arm or anything. They went totally unarmed. Now, according to the view of the Portuguese authorities they may have been committing an offence against them. And according to that, they might be entitled to take such action as they think fit and proper. After all, satyagraha is the deliberate committing of an offence peacefully. But the question that arises—and it is not only of importance in this particular instance in Goa, but in a much larger way, in international affairs—is this, namely how far any Government is justified in shooting and killing people who are unarmed, and who are behaving peacefully and not attacking it. Now, if these facts are correct—and from all the accounts that we have thus far received, there is no question of these satyagrahis having any arms, or in any way attacking; in fact, in several instances, they were seated or they sat down on the ground, and some reports say that they were shot dead by certain Portuguese policemen and others who were seated on chairs at the time—then all this is very extraordinary in international behaviour. And I do submit that the least we can say on this kind of thing—and I am speaking now not to the Members of this House who require no argument, or even to our people in this country, but to others outside this country—is that this kind of behaviour is brutal and uncivilised in the extreme.

Now, as you were pleased to say a little while ago, this is not the end of the story. Other things have happened from day to day and are likely to happen. The story will not end till the objective is achieved. Therefore, for me at this stage to say much more about it is not easy. But one thing I do wish to say, and more specially, if I may refer with your permission to that motion which you were pleased to rule out now, i.e., the motion for adjournment, which criticised and condemned the policy of Government in regard to Goa, I should personally like not that motion, but the subject of Goa, whenever this House chooses, to be discussed, and the policy of Government to be discussed, because Government propose to adhere to that policy which they have followed to the fullest extent. And it is for this House to express itself clearly in this matter. Let there be no doubts about it. Government propose to follow that policy. That is the basic policy. Naturally, in adaptation of that policy there are variations, of course. But the basic policy is the policy of a peaceful approach to this problem, and not

[Shri Jawaharlal Nehru]

having resort to armed force in resolving it. That is the basic policy. All else are variations of this policy. Now, we propose to adhere to that basic policy. And naturally, in a matter of this kind, even more so than in other matters, we should like the fullest support of this House, and of Parliament and of the country. Goa may be a small piece of territory, but it raises international issues of moment, and in international matters, naturally, Government would earnestly hope for the largest measure of support from Parliament and from the country.

Therefore, I want this question to be clearly appreciated as to what the policy of Government is, and what we ask or request this House in regard to that matter. That policy is not only based on what might be said our general approach to such problems, our basic approach, it is not only based on the line we have adopted in international affairs, but if I may say so, it is a practical approach, apart from its being idealistic or not. It is a practical approach to a difficult problem. It is a difficult problem. And Government do not propose to be hustled by any activity of the Portuguese authorities, or to be forced into what they consider a wrong action, because the Portuguese authorities might perhaps want them to commit that wrong action. I have little doubt that what has been done in Goa yesterday and somewhat earlier too is perhaps deliberately meant to provoke the Government of India into some action which might perhaps cover a veil on the misdeeds or the wrong action of the Portuguese authorities in Goa. We have no intention of being diverted from what we consider the right policy basically, by such provocation.

But the fact remains that this is a matter of great importance and significance for us, and it is natural and right for the people of India, and for all of us, to feel deeply what is taking place on the borders of Goa, or inside Goan territory, or in Daman or in Diu. I shall, as I said, keep the House informed of what steps we may take from time to time, as well as about the facts of the situation.

I have no doubt that I express the feelings of all in this House when I say that our sympathies go out to the people,—well, they are dead—to those who died, and to those who have suffered in this. In fact, the country's sympathy must necessarily be with them.

At the same time, we must look at this matter in proper perspective calmly and objectively, and Parliament and the Government should, I submit, move with dignity as well as firmness in this matter, and not, perhaps because of strong feelings, act in a manner which would not be in consonance with this dignity of Parliament.

Mr. Speaker: We have all heard the facts as stated by the hon. Prime Minister. Naturally, our admiration goes to those who laid their lives; at the same time, our sympathies go to the relations of those who are dead, and we mourn the loss of those who have died. I am sure as a mark of respect to the dead as also for offering condolences to the relations of the deceased, the House may stand in silence for two minutes.

The Lok Sabha then stood in silence for two minutes.

A suggestion has been made to me....

Acharya Kripalani (Bhagalpur *cum* Purnea) *rose—*

Mr. Speaker: I am just referring to the suggestion made to me about the adjournment of the House for some time. A suggestion has been made to me that in view of the exceptional things that have happened, this House may suspend its sitting for some time; and I fix that time as half an hour. The House may suspend its business for half an hour, provided the hon. Leader of the House agrees.

Shri Jawaharlal Nehru: Yes.

Mr. Speaker: So, the House will meet again at One O'clock.

The Lok Sabha then adjourned till One of the Clock.

The Lok Sabha re-assembled at One of the Clock.

[MR. DEPUTY-SPEAKER *in the Chair*]

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): Lest there be a misunderstanding about what I said before we adjourned, about one matter, I should like to clear it up. I referred to the lady, Subhadrabai, who was shot. I should like to make it clear that she is alive; she is not dead. She is, of course, seriously wounded and is in hospital.

PAPERS LAID ON THE TABLE

ANNUAL REPORT OF INDIAN AIRLINES CORPORATION

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): On behalf of Shri Jagjivan Ram, I beg to lay on the Table a copy of the Annual Report of the Indian Airlines Corporation, under sub-section (2) of section 37 of the Air Corporations Act, 1953. [Placed in the Library. *See* No. S-248/55.]

DISPLACED PERSONS COMPENSATION AND REHABILITATION RULES

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): I beg to lay on the Table a copy of the Displaced Persons Compensation and Rehabilitation Rules, 1955, under sub-section (3) of section 40 of the Displaced Persons (Compensation and Rehabilitation) Act, 1954. [Placed in the Library. *See* No. S-249/55.]

PRESIDENT'S ASSENT TO BILL

Secretary: Sir, I have to inform the House that the Code of Criminal Procedure (Amendment) Bill, 1954, which was passed by the Houses of Parliament during the current session, was assented to by the President on the 10th August, 1955.

COMPANIES BILL—*Contd.*

Mr. Deputy-Speaker: The House will now proceed with further consideration of the following motion moved by Shri C. D. Deshmukh on the 9th August, 1955:

> "That the Bill to consolidate and amend the law relating to companies and certain other associations, as reported by the Joint Committee, be taken into consideration."

Shri C. R. Chowdary is to continue his speech. But I find that he is absent from the House.

Before I call upon Shri Bansal, I would tell hon. Members who are getting a chance to speak here, that I want an assurance from them beforehand. Again and again, I have to ring the quorum bell and we have become an object of criticism outside and inside. Therefore, I want an assurance that every hon. Member who wants to speak will continue to sit here in the House and hear what others have to say. If, on the other hand, I find any hon. Member not sticking to this, I won't call him on the next occasion in other debates.

Shri M. S. Gurupadaswamy (Mysore): Is it iron law?

Mr. Deputy-Speaker: It is my discretion. I want to raise the level of the debate and I want the House full. Each of us is a representative of 7½ lakh population. In a House of 500, I find it very hard to get even 50 people. If 26 people decide, they decide in the name of the 360 million Indians. Hon. Members will kindly consider the responsibility that they have to bear in this House. Therefore, I would urge upon every hon. Member—whether he gets an opportunity to speak or not—to be here throughout; otherwise, we will not be able to discharge our duty properly. Whichever hon. Member wants to catch my eye, I will allow him to speak on one condition, that so far at least as that debate is concerned, he will sit here and hear what others have

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to say. Again and again, hon. Members have been bringing to my notice that Ministers are not here; they have been making a loud complaint and asking me to call the Ministers, one after the other, though that was not the subject of that Minister. They must equally bear that responsibility and see to it that we have quorum and I am not obliged to ring the bell again and again for quorum.

Shri M. S. Gurupadaswamy: It should be reciprocal.

Mr. Deputy-Speaker: Does 'reciprocal' mean that I should speak?

Shri Raghavachari (Penukonda): May I submit one point? You have been pleased to be very hard. But you must take into consideration the convention and the practice that we have, that between 1 P.M. and 2-30 P.M., the lunch period, we can go home; otherwise, it leads to strain on us.

Mr. Deputy-Speaker: This is consistent with the convention that we have developed, that during the lunch period I would not insist upon any quorum; no hon. Member also need bring it to my notice.

Shri Bansal (Jhajjar-Rewari): I am overtaken with a sense of diffidence when I rise to speak on this subject, and I almost feel like T. S. Elliot when he said:

> "And I have known the eyes already,
>
> Known them all,
>
> The Eyes that fix you in a formulated phrase.
>
> And when I am formulated.....
>
> .....then how should I begin?
>
> And how should I presume?".

But I presume to begin because I think I am one of those Members of the House who have received the indulgence of the Members of this House. I am also rising to speak because I have worked on the Joint Committee, and I endorse every word of what that committee has decided. I also take courage to speak because I am one of those who have studied this Bill not from today but from the very time the first memorandum by the Commerce Ministry was issued. I have talked this matter over not only with the captains of industry—the managing agents,—but also with the spokesmen of shareholders. I remember having sat day in and day out with Shri J. J. Kapadia, whose name has been taken with so much respect in this House. Therefore, when I say anything about the managing agency system, for it or against it, I am doing so after weighing carefully all that has been said by the spokesmen of the managing agency system and by the spokesman of shareholders.

Before I go to the major issues of this Bill, I would like to put aside certain observations that were made by Shri Asoka Mehta. His performance was so brilliant that although three or four days have passed since he spoke, I cannot get over the various points which he made, and I would like, if I may with your permission, to reply to some of them. One of the points which he made was about voting rights. About the types of shares, as you know, the Joint Committee decided that there should be only two types of shareholding. Shri Asoka Mehta, quoting the German precedent, wanted also to give Government some power so that they could authorise the issue of shares with disproportionate voting rights. I endorse what he said, and I suggest that the hon. the Finance Minister will take that suggestion into consideration. But I would like to make another suggestion, that there should be a provision for shares of 'no par value'. As you know, this question was discussed by the Cohen Committee and after that, it was referred to Mr. Montagu L. Gedge, who reported that shares of no par value have a very important role to fulfil. I would, therefore suggest to the hon. the Finance Minister that he should take that into account

and see if even now no provision can be made for the issuance of shares of no par value. This is not a matter of principle and, therefore, I am not making any fundamental departure from the report of the Joint Committee.

Then, Shri Asoka Mehta referred to social accounting. Referring to the changed and improved method of accounting of the companies he opined that we must now also develop the method of social accounting so that the picture of private enterprise is presented in a form easily understood by the people and also that facts are so presented that some sort of a social picture, social balance-sheet, emerges. It is a very good suggestion. But, what I would like to point out to the House is that in England where they have had a socialist government. Professor Stone, who is the father of social accounting, has said this. I am reading from the book by F. Sowell Bray—he is an international authority after Prof. Stone. After going into what has been achieved in U.K. so far, Mr. Bray says:

> "We would close with the comment that although we have consistently raised the issue of so-called social accounts, no attempt has been made in any of the accounting presentations put forward here to carry in any sort of conventions to deal with social costs and social benefits."

I am only quoting this to impress on the House that although it may be a very good thing to present social accounts it is far too early for our economy. But, nevertheless, I would urge upon the Finance Minister to keep it in view so that at least as far as the governmental enterprises are concerned, accounts are presented in such a way that we have a proper picture of social gains and losses.

Then, Shri Asoka Mehta referred—and this is a very important point—to the costs of private enterprise. He said that apart from the costs of production which are shown in the balance-sheet, the private enterprise subjects the community to a number of other social costs and he quoted from a book of Prof. Kapp of some American University. I won't quote very exhaustively from this book but even reading from the contents you will find what the social costs Prof. Kapp has in view, social costs involved in contamination of the air by smoke and from chimneys and contamination of water by water coming from the factories.

What I am trying to say by referring to all these things is that every type of enterprise, every type of economy, is going to have some social costs. After all when we have a factory smoke will go into the air and when you have a factory some sort of dirty water will go into the rivulets or somewhere. What we have to see is that these costs are reduced to the minimum possible extent.

Talking of costs, it is not as if only private enterprise has had such costs. Even if we walk on the road, we wear down the roads and to that extent we are imposing costs on the community. Apart from this, if Prof. Kapp can be quoted, I can quote Prof. Von Mises and Prof. Schumpeter who have referred to a large number of other costs of other and totalitarian types of economies. I am not going into all these details but I will quote a passage from John Jewkes to show what type of costs can be involved in certain types of economies. It says:

> "It is, at first sight, strange that the new ideas regarding economic organisation should have gained so wide and ready an acceptance. Experience might have been expected to restrain the movement. The only centrally planned economies we have so far known have been born into, or have finally produced societies in which terror, sadistic cruelty and constant insecurity have been the lot of all save the privileged few."

I don't want to quote this entire passage of John Jewkes; he is a very eminent economist and is the Stanley

[Shri Bansal]

Jevons Professor of the Manchester University. I am not quoting from a person who is not a well-known authority in his line. Therefore, talking of social costs is confusing the very issue. But what impressed me in Shri Asoka Mehta's argument was that while attacking the managing agency system he wanted to cover the whole ground of private enterprise. Now, we are not discussing the merits or demerits of private enterprise. What we are discussing at present is a limited subject and that is the main instrument of the private sector in this country. Whatever you might say, the organs of private enterprise have been managed through the instrumentality of the managing agency. Except in banking and insurance, by and large, about 90 per cent. enterprises are run by the managing agency system and, therefore, what we are discussing at present is now that instrument, how that tool, of private enterprise has functioned in this country.

A large number of speakers have spoken from the very first cause, that is, after the first amending Bill of 1936 was passed, as to the misdeeds of the managing agency system. Reports have been quoted. My friend, Shri Shah, could not resist the temptation of quoting the report of a Registrar of Joint Stock Companies. Many such things have been quoted. But what I say is, yes, it has been admitted that the managing agency system has led to certain abuses. No one has denied it; that is the *raison detre* of this Bill. After all, this Bill has been before this House because it has been found that the managing agency system has led to certain abuses in the management of companies and those abuses were on the increase. That is why, soon after independence, Government came out with a memorandum and the Company Law Committee was appointed.

Shri Joachim Alva (Kanara): They were not some abuses, but grave abuses.

Shri Bansal: Yes, grave abuses, and that is why the Company Law Committee was appointed to go into all these grave or highly grave abuses.

There were on the Company Law Committee the representatives, again I say, of the managing agents, the shareholders, the workers and of this Parliament. The Company Law Committee, after listening to the entire evidence, the evidence of the types of persons referred to by my friend Shri Shah, after sifting and going through all this voluminous material, came to certain conclusions and their conclusions are before us in the form of the Report of the Company Law Committee. What did they say? They came to this conclusion which they recorded in para. 115 of the Report:

> "We feel that shorn of the abuses and malpractices which have disfigured its working in the recent past, the system may yet prove to be a potent instrument for tapping the springs of private enterprise. Its adequacy and effectiveness in future, will, however, depend not merely on the promptitude and thoroughness which the evils which have clung to it are removed, but also on the energy, enthusiasm and foresight with which the managing agents conduct their business. While it will be for the leaders of the business community to provide the system with the quality and the momentum that will be demanded of it in future, the recommendations that we make are designed to tighten up the relevant provisions of the Indian Companies Act, so that opportunities for current abuses and malpractices may be reduced to a minimum."

Shri K. P. Tripathi (Darrang): What about the socialistic pattern of society?

Shri Bansal: I will come to that aspect also if my hon. friend will be patient.

What I am trying to say is that the entire evidence was sifted by them. I am certain that Shri Khandubhai Desai was a member of this Committee; and, no one, excepting one or two persons, I think, signed a minute of dissent. This Bill which is before the House and which was amended by the Joint Committee was based on the recommendations of the Company Law Committee. I will say one word more. A large number of representative bodies appeared before the Company Law Committee and a large number of individuals from the professions—from the chartered accountancy profession, from the legal profession and from the stock exchanges —appeared before this Committee, and I do not remember anyone excepting one person who suggested that the managing agency system should be ended. My information is....

Shri Matthen (Thiruvellah): Objection was taken not against the managing agency system as much as against the abuses of the managing agents. There is a difference between the two.

Shri Bansal: That is exactly what I am saying. Objection was taken against the abuses and it is only to remove the abuses that the Bill is before the House. Otherwise there is no point in the Bill being before the House. Even before the Company Law Committee was appointed, the Planning Commission and before the Planning Commission the Fiscal Commission, all of them had said that the managing agency system need not be ended but it needed lot of amendment. Exactly; what I am trying to impress upon the House, and particularly upon my friend, Shri Matthen, is that we are trying to mend the abuses of the managing agency system through this Bill. As to how we are going to do it I will go in greater detail shortly, but before I do that I will quote a passage from the Fiscal Commission's Report. They say:

> "Witnesses have drawn attention to malpractices on the part of some managing agents as a factor discouraging capital formation. This is not unfounded. The question of introducing improvements in the managing agency system is under the consideration of the Government of India who have published for criticism tentative proposals suggested to them."

They also talk in terms of impovement and similarly did the Planning Commission later on who wanted to introduce certain changes in the system. What I am saying is that this Bill, which was referred to the Select Committee, and the Bill which has come to this House after the thorough scrutiny of the Select Committee have precisely done this thing, that is, they have tried to mend this system. I think in trying to mend this system we have not only achieved the objective which everyone had in view, but also, to the persons of my persuasion, they have done it more than it was absolutely necessary. As I am a signatory to the Report, I do not want to criticise it on that account at all and I would be satisfied if these various provisions are worked in such a way that all the abuses of the managing agency system, which had marred its face, will be removed. As to the manner in which this is being sought to be done, my hon. friend Shri Morarka, more than whom, I can say with some degree of knowledge, very few Members of this House understand the intricacies of the Company Law, has in a very lucid speech the other day pointed out the manner in which this Bill, as amended by the Joint Committee, is going to plug the various loopholes. After all, what are we doing? We are having in this Bill about 139 penal clauses. In a Bill of 649 clauses, 139 are penal clauses. I think this compares very favourably with the Penal Code.

The Minister of Revenue and Civil Expenditure (Shri M. C. Shah): In the English Law there are so many penal clauses like these.

Shri Bansal: Having put in so many penal clauses about the actions or inactions of those who are in charge of company management, I wonder what more the Members of this House would desire.

Pandit K. C. Sharma (Meerut Distt.—South): They are more heinous than the ordinary thieves.

Shri Bansal: More than that what the Select Committee has done is this. Apart from giving Government power to declare that in certain industries there need not be any managing agency in the future after 1960, they have also given power to Government that when the question of appointing or re-appointing a managing agent comes up, they can decide whether a particular person should be allowed to be the managing agent of that company or not. Further all heritable managing agencies will be void and no election to the office of managing agents, by inheritance or device will take effect unless approved by the Central Government. One of the criticisms of the managing agency system was that it is a relic of the feudal past. If a father forms a managing agency company, it automatically passes to the son even if the son does not have the brains of the father. To take care of that, this new provision has been incorporated in the Bill. Further, it has been proposed that no person shall be appointed as a managing agent of more than ten companies after the 15th August, 1960. This is another provision which has been introduced in keeping with the ideas that are prevalent now, namely, that there should be no concentration of wealth or power, and that takes me straight to the point of my hon. friend, Shri Tripathi, who unfortunately has left the House after interrupting me. He said that the Company Law Committee reported before the socialistic pattern of society had come into vogue. My reply is that the Joint Committee signed this Report; in fact, it considered the most important provisions of the Bill after the Avadi resolution had been adopted and they were quite conscious of what they were doing. I think there is no violence being done to our socialistic pattern of society by circumscribing the managing agency system by so many hedges.

Talking of powers that Government are taking, I just now said that there are 139 penal clauses. Apart from 139 penal clauses, there are 95 clauses which empower Government to do this or that with regard to a company or a managing agency.

Shri Joachim Alva: They are all for the black sheep.

Shri Bansal: That is exactly the reason and the basis of this Bill. My only fear is that having been armed with so vast and so wide powers it may not be possible for Government to exercise them properly and for the companies and managing agencies to function in as efficient a manner as possible. The Finance Minister referred to the instance of the Kandian Ministers. I am reminded of the lovers of the Arabian Nights who used to take the vow of sleeping with a sword in between them when they went to bed, which only led to sighs and groans of forlornness and to no results. I am sure these powers will be used by Government in such a manner that something concrete will fructify and materialise if our country is to advance. I know the managing agency system and private enterprise come in for a lot of criticism, but during the last few years if you see the economic history of our country, private enterprise, that is, the industrial sector, has a very proud record indeed. Shri Asoka Mehta may take objection to the word 'proud', but I would ask him: if it is not a matter for "pride", then what is it? In 1947 the general index of industrial production was 97. In 1948 it was 108 Today it is 166. After all what is this prosperity that we see and talk about in our country? This prosperity is nothing but the increased production in our agricultural and industrial sectors and without this increased

productivity our country would not have been comparatively speaking as prosperous and as well off today as it has been during these seven or eight years of our independence. Whether you like it or not, the credit for this must to some extent go to those people who are manning, working and managing the industries. Whether you like it or not, the credit is there at least to some extent and before we think of abolishing a particular system or criticising that system beyond all proportions we must bear this in mind that whatever we may say for or against the managing agency system at least a part of the credit for this industrial prosperity has to go to that system.

I agree that there are abuses and those abuses must be done away with. That is exactly,—as I said and I repeat,—the purpose of this Bill and I am sure the Joint Committee has succeeded in doing that in an ample measure.

One of the criticisms that was voiced by my friend Shri Asoka Mehta was this. I am sorry I am referring to him again and again but that is because I respect him so much that I cannot allow the argument put forward by him to remain unanswered. He said that in foreign countries—according to some information which he has,—the management charges are only 1.5 to 2 per cent while in this country they are 13 to 14 per cent. I have not been able to collect many figures on that point. Shri Asoka Mehta has quoted from the evidence that was given before the Joint Committee by the representatives of the shareholders. When they referred to the percentage of 1.5 or 2, my friend Shri Morarka asked the witnesses a question. I am quoting, Shri Morarka said:

> "With your permission, I will give some figures here and I would request the witness to contradict me if he thinks that I am wrong. For example in the American Tobacco Co. the percentage paid to the President and Vice-President alone is ten per cent of the profit and the income of the President in one year alone was 11,10,500 dollars or a little over Rs. 50 lakhs. Similarly, in the National City Bank of New York, 20 per cent of the profits in excess of 8 per cent of the capital employed at a particular time is payable to the President...."

The witness, Shri Parekh, said:

> "We have no desire to contradict these figures. We think they are quite in order."

Mr. Deputy-Speaker: Who was the witness?

Shri Bansal: Shri Parekh was the witness representing the Bombay Shareholders' Association who had earlier stated that the percentage in other countries was 1.5 or 2. After these things were pointed out to him, he said so.

Shri Matthen: Any instance from the United Kingdom like that?

Shri Bansal: Unfortunately, I do not have any such instance. But my own impression is that no company in the world can be managed with two or three per cent. That is my definite impression and I say that with a certain amount of knowledge of company management.

Shri Asoka Mehta put forward a very big argument. After referring to the report of the Reserve Bank he said that the managing agencies have been getting on the whole about 13 per cent and you are reducing it from 13 to 10 per cent. So, he said, you are not making any remarkable reduction. This is like the question: "Did you beat your wife?"

If the managing agencies are charging much, then of course it is wrong. If they are charging less, even then, it is wrong. But, I would have expected a man of Shri Asoka Mehta's standing to have quoted fully from

[Shri Bansal]

this report because in the same paragraph where mention is made of 13 per cent on the average, another thing is also mentioned. I am sorry I am not able to lay my hand on that particular page.

Shri S. S. More (Sholapur): That may be the difficulty of Shri Asoka Mehta also.

Shri Bansal: I can remove that difficulty in a minute because it has been said here that there are other companies charging 35, 36, or 40 per cent.

Shri M. S. Gurupadaswamy: What is the average?

Shri Bansal: The average is about 13.9 per cent. or so. But, the law is not based on averages. The criminal law is not made for an average citizen; it is not made for Shri Gurupadaswamy; it is made for the criminals and therefore, this law is being made for those people who have been charging very excessive commissions. And what I say is that it fully meets the requirements of the case inasmuch as it makes certain things impossible for those people who have been charging commissions on percentage basis on sales and thereby fattening their profit margin to 30 or 40 per cent. It makes it impossible for them to charge anything more than ten per cent and I think that it is a very great advance that has been made.

My friend, Shri Asoka Mehta referred to the question of representation of workers on the board of directors. He quoted from a paper circulated by the Planning Commission. I think it has come from the Labour Ministry but the paper has been circulated by the Planning Commission to the members of the panel for labour. I happen to be a member like Shri Asoka Mehta. I respectfully submit that such documents which have not yet been discussed or considered and which are circulated to members of certain committees should not be quoted on the floor of the House. Now that my friend has done it, may I with your permission, also quote certain passages from that paper? He tried to make out a case for the inclusion of workers' representatives in the board of directors. That very document says:

> "It goes without saying that a strong and sound trade union movement is necessary for the effective working of an industrial democracy. Even ardent trade unionists in this country will admit that the situation in this country leaves much to be desired. Political rivalries which often come in the way of settlement of disputes, lack of resources, disunity among the ranks, multiplicity of trade unions and lack of bargaining strength are the major ills that affict trade unions in the country today.... The Plan recommended that there should be one union per industry in an area. Multiplicity of unions in the same establishment leads to inter-union rivalries which ultimately cut at the root of the movement....If such rivalries are to be checked, action is needed in the direction of reducing the number of outsiders in trade unions and providing for statutory recognition of one union."

I would like to ask Shri Asoka Mehta one question very humbly. This being the stage of trade union movement would he like representatives to be sent on the board of directors? After all, what is our experience of the working of the works committees which were constituted in order to have the representatives of workers and employers sit at a slightly lower level and discuss their problems amicably? What is the experience of these? I will again quote from the same document.

It reads:

> "Barring a few cases where such committees have proved a success, it may generally be said

that the institution has not lived up to expectations. Workers' organisations have attributed the failure of these committees to the unhelpful and obstructive attitude of employers. Complaints have been made of the undesirable methods adopted by employers in the election of members. On the other hand, employers have attributed the failure of works committees to lack of co-operation from trade unions...."

Further, I would also like to say that it is not as if this document makes a complete case and says: "we must have representatives of workers on the board of directors here and now." What they have all suggested is that we should select a few industries where collective bargaining has proved a success and in these, as an experimental measure, we should try to do that. I am not expressing any opinion for or against the association of workers' representatives on the board of directors. All that I am trying to say is that even on the basis of this memorandum from which Shri Asoka Mehta himself quoted I do not think a case has yet been made out for the inclusion of workers' representatives on the board of directors.

Then, there is another practical difficulty which I have in view. Supposing Shri Asoka Mehta's suggestion is accepted that there should be two representatives of the workers on the board of directors there is another difficulty. As my friend Shri C. C. Shah would have us believe that there is no need for any managing agents because the main function of the managing agents, namely, to finance is no longer there because the Industrial Finance Corporation goes on giving loans freely, and if this system of the private enterprise working by the free loans given by the Industrial Finance Corporation comes into vogue, then what will happen is that the Industrial Finance Corporation will want to have one or two representatives of its own on the board of directors. Now, lest my friends here might say that I am not on firm grounds I have here a letter issued by the Industrial Finance Corporation to one of the companies which applied for a loan from the Corporation.

Shri Matthen: Will the hon. Member kindly mention the date of the letter?

Shri Bansal: 31st December, 1953. I have the letter with me and I can very well show it to my friend if he is so anxious to know its contents. There is nothing secret about it because the company ultimately decided not to take any loan from this Corporation due to the reason that one of the conditions of the loan was that the Corporation will have the right to nominate, whenever it chooses, one or two representatives of its own on the board of directors.

Shri Joachim Alva: Why was the company frightened to take Government nominees? There may be many skeletons in the cup-board to hold.

Shri Bansal: What I am suggesting to my hon. friends is this. According to Shri Asoka Mehta there should be two representatives of workers; according to the Finance Corporation there should be two representatives of the Corporation; according to my hon. friend Shri Morarka there should be one or two representatives of the minorities and according to some shareholders who may complain there must be two persons nominated by the Government. Like this we will have eight representatives on the board of directors from these various sources—labour, Finance Corporation, Government and the minorities. Therefore, I do not know how that company will function.

Shri Joachim Alva: May I ask the hon. Member, has the private sector or the managing agents been known to have made an offer at any time to the representatives of labour even to sit as guest directors in their undertakings?

Shri Bansal: I can quote instances for the edification of my hon. friend which, on these matters, seem to be quite restricted—and, naturally so; I do not know anything about journalism which is his field—to show that there are companies in this country even today who take workers' representatives on the board of directors.

Mr. Deputy-Speaker: Does the hon. Member mean to say that hon. Members must work in compartments? A journalist may know Company Law also.

Shri Bansal: What I was saying is that I do not know Journalism. That was all I said.

Shri Joachim Alva: There are workers' representatives on the board of directors in Yugoslavia.

Shri Bansal: I was saying that here too there are companies which take representatives of labour on the board of directors. There is a very big mill here in Delhi, which is under our very nose, where a representative of workers is freely elected to the board of directors. There is free election and all the workers vote. The worker who is elected is made to sit as a full director on the Board.

Shri S. S. More: With what result?

Shri Mohanlal Saksena (Lucknow Distt. *cum* Bara Banki Distt.): Is that an argument for appointing workers' representatives?

Shri Bansal: What I say is that if all these ideas of my hon. friend Shri Asoka Mehta, Shri Morarka and Shri C. C. Shah are put into effect and the representatives of the Corporation of my hon. friend Shri M. C. Shah are also there, then there will be on the board of directors at least 8 representatives of these outside bodies and I leave it for the judgment of the House as to how that company will function.

Then, Sir, that takes me straight to the question of proportional representation which is such a pet child of my friend Shri Morarka. I just want to know only one thing, whether this demand has been made from the side of the shareholders because it is pointed out that if there is no proportional representation then the shareholders who are in a minority cannot have any say there and, in fact, Shri Morarka went to the extent of saying that there is no use of putting so many restrictions unless you give proportional representation. I would very humbly ask him whether this demand was at any time made by the representatives of the shareholders. I have gone through their memorandum. I have myself worked, as I said in the beginning, with Shri J. J. Kapadia, a greater champion than whom of shareholders the country has yet to see. I have never heard from him this very novel and dangerous suggestion that the minorities should have a representative on the board of directors.

Shri Matthen: What is the danger please?

Shri Bansal: If the hon. Member wants to know I can tell him about the dangers. I wanted to avoid some unpleasantness on the floor of the House by quoting instances and I will even now desist from quoting instances. Hon. Members who have spoken on the subject, perhaps have not known the recent instances of some of the companies which have come for lot of criticism in this country. I can say with some authority that most of the criticism was due to the fact that the board of directors was not homogeneous. If you do not want to repeat those very ugly instances I would request the House to think over this very calmly. It is not a party issue. It is not an issue on which anybody holds opinion based on principles. I suggest that it is not a matter of principle. It is just a matter of empirical pragmatic experience and based on the ex-

perience of those who have known the working of company management. I can tell you that unless the Board works in a homogeneous manner a company will never function properly.

Shri S. S. More: Should there be no opposition there?

Shri Bansal: The opposition will be there even from the board of directors because the board of directors cannot be a packed body under this new Bill.

Shri S. S. More: What do you mean by homogeneous then?

Shri Bansal: There has been some improvement made in the provisions with regard to the election to the board of directors and in view of these provisions the board of directors can never be a packed body. But, to deliberately impose on the Board representatives of a recalcitrant and deliberately conceived minority will be most dangerous, in my opinion, and I am saying this with a lot of sense of responsibility. I will request my friends to consider this question dispassionately and not to make it a party issue or an issue of passion.

Mr. Deputy-Speaker: How can a minority over-rule a majority? They will be there only for the purpose of getting information.

Shri Bansal: They will not be able to over-rule but they will always be able to create difficulties in the smooth functioning of the company.

Shri Morarka (Ganganagar-Jhunjhunu): Smooth functioning?

Shri Bansal: The recent instances in some of the companies have amply proved this and, therefore, that is my opinion. I am not trying to force my opinion on anybody; but what I say is that those gentlemen who are trying to press this point forward should tarry and consider.

Shri S. S. More: Is it not our experience that the abuses and malpractices are mostly due because the board of directors is a packed house?

Shri Bansal: That is exactly what I say. Under this Bill, as amended, it will not be a packed house. If the hon. Member will kindly see the provisions of the Bill he will know of it.

Shri Matthen: Sir, I have not understood.

Mr. Deputy-Speaker: He knows the other view and he is trying to answer to the best of his ability.

Shri Bansal: Then, there are so many powers of investigation. There are so many powers given to the shareholders for approaching the Government for getting investigation made into the affairs of the company and for getting two directors nominated by Government if the Government are satisfied that the affairs of the company are being conducted in a particular manner. What I mean to say is that there are lot of safeguards for the shareholders who are in a minority.

Mr. Deputy-Speaker: The hon. Member referred to certain recent instances. Do these instances relate to cases where the management are elected on the principle of proportional representation?

Shri Bansal: No, Sir. They were not represented.

Mr. Deputy-Speaker: Therefore, it is not directly in point.

Shri Bansal: They were not elected but the formation of the board by virtue of the shareholding has been such that there were warring groups in the board of directors. Please do not let me say more on that point.

Shri S. S. More: Does he not want to persuade us to his point of view?

Shri Bansal: I have already said that I have persuaded as far as Shri More is concerned, and I am sure he is going to vote with me.

Mr. Deputy-Speaker: A unique instance of both the Opposition and the Government voting on the same lines

Shri S. S. More: We always vote on the side of truth.

Shri Bansal: Now, I would not take more than two minutes, and I have come to the end of my story. There is a provision in this Bill to which I am a party. That provision is that proxies can be held by non-shareholders also. I am referring to it because I do not consider it a matter of principle but because I believe that this is going to create some difficulties inasmuch as a new class on advisers to the shareholders, a self-styled class, is likely to spring up and which, without any shareholding or any interest in the company, will get itself nominated as proxy to the various meetings of the shareholders. Not that I am totally opposed to this idea but I would suggest that just as in the case of the managing agents where you have placed a limit that a managing agent cannot hold more than ten managing agencies, in the same manner, if the Government finds that one particular gentleman is working as a proxy to a number of companies then, I think Government must come and stop that being done indefinitely. Because, in that case, what will happen? This class will become a sort of parasite class and will thrive on the real or imaginary offerences which are likely to be there among the various shareholders.

I shall finish with only one more point, and that again relates to my hon. friend Shri Asoka Mehta with whom I began.

Shri M. S. Gurupadaswamy: You are obsessed.

Shri Bansal: I am, because he is such a worthy speaker in the House and I would also be obsessed if you yourself made such a brilliant speech. Shri Asoka Mehta said that the managing agency system is no longer playing the role of financiers and added that the financing role of managing agencies has become a myth. I was looking into certain figures. I do not think you will allow me so much time but if you did, I could quote to you figures from a number of companies who have received from their Managing Agents financial accommodations even to a greater extent than their entire capital of the company in times of difficulties. Without elaborating on that point, I would just say that the managing agency system even now plays a role of financiers of companies both in ordinary times and in times of difficulties.

Although I would like to say something more, but as my time is up and I would not keep the House waiting any longer. I will end by saying that you must please give a trial to this amending legislation which has been drafted by the Joint Committee after a great deal of care. A great deal of labour has gone into the preparation of this amending Bill and I am sure it deserves to be given a trial by the country.

Shri G. D. Somani (Nagaur-Pali): India today is on the threshold of an industrial revolution. Our Second Five-Year Plan envisages an ambitious programme of industrialisation both in the public as well as the private sectors. So far as the private sector is concerned, it mostly functions under the system of joint stock enterprises and naturally, therefore, this mammoth legislation, the Companies Bill, which we are now considering, will have a direct bearing so far as the activities of the private sector are concerned. I have appended a Minute of Dissent along with my friend Shri Tulsidas in which we have drawn attention to the general approach of the Bill as well as the various detailed provisions I would certainly not like to take the valuable time of the House by repeating those arguments. My submission is this. The primary objective of the company legislation must be to actively assist and encourage the promotion and smooth functioning of joint stock enterprises throughout the length and breadth of the country and we should apply the test whether the Companies Bill that we have under consideration will promote or retard the economic

development of the country. I quite admit that certain deficiencies and defects which have come to light must be removed but I am firmly of the opinion that the primary consideration in this legislation should be to ensure the promotion and smooth working of companies throughout the country and it is from that consideration that I respectfully submit that this Bill is too complicated, too rigid and too restrictive.

If you will compare this Bill, which is the most elaborate of its kind ever presented to Parliament, with the United Kingdom legislation on which model our Bill has been designed, we will find that while the United Kingdom legislation has got 462 clauses, here in this Bill we have got 652 clauses with a number of sub-clauses, appendices and annexures and so on and so forth. We are all aware that the standard of literacy in the United Kingdom is far above that of our country and that the size of the companies being formed there is also much greater and bigger than what we have in this country. It will therefore be quite logical to say that in an under-developed state of our country and in view of the very ambitious programme of development that we have before us, it should be our primary responsibility to ensure that the companies for whom we are legislating will be able to be formed, promoted and run on smooth and sound lines according to the provisions of the Bill.

After all, what is our objective? We are thinking in terms of increasing the national income by 25 per cent. We are thinking of creating ten to twelve million new jobs in the next five years. We are thinking in terms of decentralised economy. We are also thinking in terms of the growth and development of small-scale industries throughout the length and breadth of the country. May I ask respectfully whether these objectives are going to be achieved by the Bill that is before us or whether this Bill is going to come in the way of fulfilment of these objectives? It is with that point of view that I would appeal to the hon. Members to seriously and dispassionately consider the implications of this Bill on the various objectives that we have set before ourselves.

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So far as the big companies are concerned, I know they will be able to function alright because mostly they are located in important centres like Calcutta and Bombay where expert legal opinion like that of my friend Shri C. C. Shah is available, but I am quite sure that the managing agents, if at all they are allowed to function, and the directors will have to spend a lot of their valuable time not in improving the management and efficiency of the concerns which are under their control but in ensuring that nothing is allowed to be done in the day-to-day administration of the company which will involve them in committing any breaches of law and in incurring penalties. As just now pointed out by my friend Shri Bansal, there are as many as 149 clauses which have prescribed one sort of penalty or the other. Apart from that, leaving aside the question of big companies what I want to submit is that so far as the small companies are concerned, I am very much afraid that it will be almost impossible for the small-scale industries in small centres to grow and to promote companies and to carry on their smooth functioning. The Bill, as it stands today, is too complex and too complicated, too rigid and too restrictive to enable these small-scale companies to be able to get the necessary legal opinion and be able to function without incurring the various penalties which have been provided in the Bill. I therefore submit that the primary consideration in framing this legislation should have been to actively assist the formation of the joint-stock enterpise throughout the country and as Mr. C. C. Shah himself pomted out the other day, to promote the industrialisation of the country. But as

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it is I find that the primary consideration in framing this Bill has been the maintenance, as the hon. Finance Minister pointed out the other day, of law and order in the private sector. If the primary consideration of the Companies Bill is only to be confined to the maintenance of law and order, I respectfully submit that the developmental side of our economy as to how the Companies Bill will be assisting the economic development of the country is going to be defeated. I therefore even at this late stage appeal to my lawyer friends in this House to apply their mind and see as to how far this legislation will enable the fulfilment of the decentralised economy and the formation and smooth running of small-scale industries throughout the length and breadth of the country.

The hon. Finance Minister while speaking the other day hinted that there was no departure from the principles as originally laid down in the Bill and the basic pattern remained unaltered. I respectfully submit that there has been a radical departure in certain directions which may have far-reaching consequences on the economy of our country and therefore I do not agree that the Bill, as it has emerged from the Joint Committee, does not materially differ from the one which was referred.

Coming to the vexed question of the managing agency system, I am quite aware that this system has been a matter of controversy not only at the present time but throughout the last 20 or 25 years. So far as the abuses and malpractices are concerned, I will deal with this point a little later. But nobody can have any difference of opinion about making any provisions which will remove the defects and deficiencies in the Act as it stands today and which will result in the running of our company management on sound and healthy lines. The point, however, is that the prevalence of malpractices and abuses has been given emphasis out of all proportion and has overshadowed the appreciation of the role which the managing agency system has played in the economic development of our country. My friend, Shri Bansal, who preceded me has already quoted the various high-powered Commissions and Committees which have gone into the abuses and malpractices as also the contribution which the managing agency system has made to the economic development of our country; therefore, it is not necessary for me now to quote extensively from these commissions and committees. I would only like to draw the attention of my friend to the fact that the observations of the Fiscal Commission or the Planning Commission or the Bhabha Committee were made at a time when the abuses and malpractices were at their worst. We are all aware that the war and postwar conditions created opportunities for making easy money and it was under those abonormally boom conditions—I am painfully aware—that a section of the managing agency houses indulged in unsocial activities about which the strongest words may be used to condemn them. The question, however, is that after having gone into all these malpractices and abuses, these high-powered and impartial commissions have unanimously expressed their view that the system should be mended and not ended. I would quote only a few words of the Bhabha Committee, to show what they have said about the contribution and achievements of the managing agency system in building the economic development of the country. They say,

> "It is also to be remembered that organisations built up by these reputable and established managing agency houses which have provided technical, managerial, and financial advice and assistance and top level control to the companies and their management have contributed much to the development of industries for the benefit of all interests con-

cerned. Having regard to all the circumstances, we consider that in the present economic structure of the country, it would be an advantage to continue to rely on the managing agency system;" and so forth.

My point is that the malpractices and abuses have been there during the recent two or three years on a much lesser scale than what they were at the time when these views were expressed by those commissions and I am quite sure that if the Bhabha Committee would have been writing their report today, perhaps they would have recommended far less rigid restrictions upon the managing agency system than what they did at that time.

Shri S. S. More: Has there been any improvement in the morality of the management?

Shri G. D. Somani: I will come to the question of morality later. So far as the cases of mismanagement and malpractices are concerned, my point is that they are on the decline and during the last two or three years I am not aware of any widespread practice of such evils. That may be due to the powers which the Government have assumed in 1951; or it may be due to the fact that opportunities are now on a much lesser scale that what they were in the abnormal war and postwar period. Now sellers' markets have disappeared and buyers' markets have emerged and this is a period of healthy competition. It may be due to one reason or the other, but my submission is that these abuses and malpractices are much less now than what they were at the time when those commissions made their unanimous recommendations about the managing agency system.

It may also be mentioned in this connection that the late Shri J. T. Kapadia who was also a Member of the Company Law Enquiry Committee and who was the greatest critic of the managing agency system was also a party to the suggestion that the system should be mended and not ended. My point in drawing attention to this matter is that in this picture of the misdeeds of a few managing agents in an abnormal period, the entire contribution that the whole system has made during a long period has been completely ignored or forgotten. It should be remembered that it is the managing agency system which has placed India on the industrial map of the world. It is, again, this system due to which India occupies today the foremost industrial position in the East excepting only Japan. Looking to the production of the various important industries, whether it is textiles, jute, sugar, cement, steel, or engineering and chemical industries, you will find an impressive increase in the production, year by year. We are not only self-sufficient in a number of essential items, but our industries have been able to export substantial quantities of their manufactured goods in the growing competition throughout the world markets, and have thereby earned valuable foreign exchange for the country. If one were to comparatively analyse the positive contribution of the managing agency system on the one hand and the existence of abuses and malpractices, which a few of the unsocial elements may have perpetrated, on the other, I think the position will be quite obvious that in spite of the weaknesses and abuses, this system has done a great service to the country. As the Bhabha Committee itself says, it is still in a position to make a vital contribution to the economic development of the country in the future.

Coming to the malpractices, I ask, because certain government servants have been corrupt or dishonest, would you be justified in condemning the Government machinery as a whole? I hope my Congress friends will not take it ill. May I go a step further and ask, simply because, after the achievement of our Independence, certain opportunities have presented themselves and a section of our Con-

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gress friends have fallen a prey and fallen down from the high code of character and discipline which was laid down by the Father of the Nation, will it be in order to condemn the Congress organisation as a whole? Speaking for myself, I would say that the Congress organisation is doing much more good to the country than the evils which are being perpetrated by a section of the Congress people throughout the various States.

Shri L. N. Mishra (Darbhanga *cum* Bhagalpur): No evils.

Shri G. D. Somani: I can only say this in reply. What one sees in the press, the regular scramble for power and for office and for various other matters going on in the various States, bears ample testimony to the deterioration in the moral standards throughout the country.

Shri M. S. Gurupadaswamy: We agree with you on this point.

Shri G. D. Somani: Shri S. S. More asked about the deterioration in the moral standards. My reply is that this deterioration in the moral standards is not confined to the business community alone.

Shri S. S. More: I asked about improvement.

Shri G. D. Somani: It is quite possible that the business community may have had more opportunities in that abnormal period and perhaps the extent of their misdeeds may have been greater than those of the other sections of the community. But, it is quite clear that whenever an opportunity presented itself to any section of the community....

Mr. Deputy-Speaker: Does the hon. Member say that it is their business?

Shri G. D. Somani: My submission is only this. When you condemn the managing agency system as a whole due to the misdeeds of a certain section of the people in a particular period when there were easy opportunities for falling a prey, you are going too far. I am only just drawing attention that this deterioration in moral standards was not confined to the business community alone, but this has been a common weakness of all sections of our community. Certainly every effort should be made to improve the moral tone of the whole country so that all sections of the community can adjust their conduct on healthy lines.

Shri S. S. More: May I know whether the guilty part of the managing agency system constitutes a majority or a minority?

Shri G. D. Somani: Sir there have been speeches off and on about the abolition of the managing agency system. I submit that this is nothing short of flogging a dead horse. Those who are asking for the abolition of the system, I respectfully submit, have not properly appreciated or realised the significance of the tremendous changes and tremendous restrictions that have been provided in the Bill under consideration. It is not a system under which the managing agents can draw any remuneration they like. The managing agents used to draw commission without providing for depreciation; the managing agents used to draw office allowances. The managing agents used to draw commission on scales as part of the managing agency remuneration. The managing agents used to draw in certain sectors also a commission by acting as buying agents. The managing agents could indulge in a lot of interlocking. There were a lot of other ways which were open to the managing agents whereby the total remuneration that they could draw under the existng Act was something much more than what they can under the provisions which have been drastically modified in the Bill that we are considering today. Even this 10 per cent., provided in the Bill, does not fully reflect the provisions that have been made for making allowance for depreciation and various other charges. I submit that if, today, anybody floats a new company, it is just

quite practical to assume that it will take 3 or 4 years before the factory goes into production and in the next 4 or 5 years, he will get so much liberal depreciation allowances from the Income-tax department for new plant and machinery so that any managing agent of a new company is not going to get anything for the next 10 years, not even in the nature of office allowances. Not only that. The managing agents have to work under so many restrictions and rigid regulations, and I can tell my hon. friends that there is a responsible section of managing agency houses today which feels that it is not worthwhile now to have managing agency of a company. I would not be surprised if the new flotations now coming up in the country may have no managing agents, in view of the manner in which the managing agency has been made less attractive from so many points of view and has been placed under so many restrictions and rigidities under so many provisions of the Bill. Therefore, I do not realise the enthusiasm with which some people, even after making all these provisions in the Bill, are still agitating for the abolition of the system, because it will not be the system which prevails today or which was prevailing 3 or 4 years before. If only the real implications of the drastic changes which have been provided in the Bill are realised, they will feel that the lot of the managing agent has really been made unenviable. This is bound to automatically result in the elimination of the managing agency system gradually. Even from the point of view of the managing agents, I am quite sure that the system is going to diminish gradually. Therefore, our friends need not be so onthusiastic in their demand for the abolition of a system which will come automatically out of the sheer force of economic factors which will operate under the new Bill. Those who are talking about the abolition of the managing agency system due to the malpractices and abuses, also forget that any other alternative form of management is susceptible to the same abuses as can be perpetrated by a managing agent. The hon. Finance Minister himself drew attention to this aspect when he said that it is not the system, but it is the loopholes in the Law which can enable even a director-controlled company to function in an unhealthy manner. Therefore, to say that the managing agency system alone is responsible for all the abuses is just not to realise the practical side of it. Companies like banking and insurance which have been functioning under directors have also shown that malpractices and abuses can be perpetrated where the managing agency system is not prevalent. My point, therefore, is that it is not the system, it is the individuals that we have to blame. These individuals are to be found in every section of the community. Therefore, this fashion of condemning the managing agency system day in and day out has gone rather too far. It is better that we realise the changed pattern under which the managing agency system will function in the future. I think the managing agency system should now be encouraged, and if you can find any managing agent to function under the new Bill, then his sacrifice, I should say, should rather be appreciated than saying anything to discourage the system

I was just talking about the economic development of the country, and again talking from that general point of view of developmental needs of our country, I would appeal to the Members of the House that at a time when the private sector is being given a very primary responsibility of investment of something of the order of Rs. 750 crores for industrialisation in the next five year plan, we should talk in a manner which would create an atmosphere wherein people will have the initiative and enterprise to go in for such an ambitious scheme of industrialisation. I can make bold to say without the least fear of contradiction that we have got a team of businessmen in this country whose talent and experience are second to none in the world, and whose sense of honesty and integrity and above all, whose spirit of patriotism is

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second to no other section of the community. I would appeal to the hon. Members of this House to create an atmosphere wherein such a team of businessmen will be able to offer their vital contribution to the historic task of developing the country's resources to an extent which is envisaged under the Second Five Year Plan. It will not do and it is not in the country's interests—and I am not talking from the self-interest of the business community—day in and day out to run down and to offer remarks which are derogatory to the community as a whole. The community is proud of its achievements, of whatever it has been able to do so far, and the community is eager to offer its best for the historical task which we have undertaken. So, it is in this atmosphere in which we are told by the Prime Minister and the other leaders that everybody has to offer his best talent and experience in building up a new India, that I appeal to the hon. Members of the House to be a little restrained and not to indulge in such criticism of the system which might hurt the feelings of those honest and enterprising businessmen who are at present planning for the economic development of the country.

I would now come to the powers that are being taken to notify certain industries where we will have no more of the managing agency system. I do not quarrel with the possibility that might arise in the future where the Government and the House may feel that there is absolutely no need for the managing agency system to continue, but as a practical man I would like to ask whether you cannot achieve this objective even without taking these powers. Shri C. C. Shah the other day himself referred, and the Finance Minister also the other day said that the company law has to be changed quickly and promptly to suit the changed conditions of economic activity in our country, and therefore there is no finality. Those who are experts in company law all envisage that frequent changes in the company law might be necessary in the light of the experience that we gain. So, if the company law may have to be changed again, as it is likely that it will have to be, then what difficulty do the Government and the hon. Members envisage in abolishing the managing agency system at the time when it is regarded as opportune for doing so, by bringing about the necessary amendment to do away with the managing agency system either in a particular class of industries or in the industrial field as a whole? What I say is that the implications of the uncertainty, insecurity, doubts and fears which you will be creating in the business field by taking these powers are not being properly realised. On the one had you can easily achieve your objective of doing away with the system after five years or whenever it is necessary to do so by bringing about the necessary amendment of the Companies Act. On the other hand, you are taking powers which are not meant to be utilised at least in the near future and you are creating conditions of fear and doubt and insecurity in the minds of those who are planning for a long period. Either the powers will be utilised or will not be utilised. If the powers have to be utilised, there is nothing to prevent Parliament from passing the necessary amendment any time such powers are sought and are deemed necessary to be exercised. If they are not to be utilised, then there is no useful purpose served by having those powers in the Bill. So, in my opinion, even from the point of view of those who want to abolish the managing agency system, this taking of powers is not a salutary step, and I would appeal to the House to realise that their objective of doing away with the managing agency system in the future will not in any way be adversely affected even if these powers are not there. We have changed our Constitution four times during the last few years and I do

not foresee the slightest difficulty in bringing about a simple amendment in the Companies Act at any time when such a necessity arises. I therefore feel that much harm will be done and nothing useful will be gained by the taking of these powers which will enable the Government to notify such industries as they choose. If however these powers have to be taken, then I would at least ask for an assurance from the hon. Minister that before any such notification in the case of an industry is issued, a systematic and comprehensive enquiry will be made into the financial and other implications of that announcement and that the industry concerned will be given an opportunity to express their views. Because, if the executive one fine morning just says that managing agency will not be allowed in a particular industry, then it might have repercussions, the implications of which may not be properly realised. So, I think the least that the Government can do will be to give an assurance that whenever any such notification is issued, it will be preceded by a systematic enquiry into the implications of the step that they propose to take.

I will now come to this question of confining the managing agency to ten companies and thus eliminating and avoiding the concentration of economic power and wealth in a few hands which was so eloquently pleaded for the other day by my friend Shri C. C. Shah. In this connection, I would like to ask a straight question. What is the policy of the Government? Because, so far as I have been able to understand it, and so far as the public utterances of the Prime Minister, the Industries Minister and the Finance Minister go, they have all along been asking the industrialists to go ahead with the economic development of the country and with the establishment of new industries, and it is, in pursuance,—of course, also of their self-interest, as also of that policy that many big houses are at present planning new industries and expansion of their existing ones. I would therefore like to have an authoritative clarification from the hon Finance Minister whether all these big houses—Tatas, Birlas or somebody else—are quite in order to go on planning the establishment and expansion of their existing industries, or whether, as Shri Shah pointed out the other day, they should simply come to a dead stop and realise that they are not going to be allowed to expand any more or plan any new industry. If the idea of the Government is that because of the fact that these big houses are expanding or adding new industries they are going against the basic objective of the State policy, then the State has got ample powers. No industry can be at present substantially expanded or established without securing the necessary licence and without securing the necessary consent from the Capital Issues Department. That being so, how can Shri Shah or any other Member of his way of thinking accuse the business people of going against the spirit of the Act when they plan expansion or establishment of new industries? Let this issue be cleared once and for all. In that case the big business and industrial houses would not be particular of planning and starting new enterprises. If the Government think that we have already got sufficient industries in the country, let them say so plainly and these big business houses will not waste their time and energy in planning and establishing new industries. So far as these big houses understand, and so far as my understanding goes, the basic policy of the Government is that all the available talent and experience in the country should be utilised for developing the country's resources and if that is so these big houses would be serving the country's interests by expanding their existing and establishing new industrial concerns.

I do not propose to go into the merits of the particular case that was mentioned by my hon. friend Shri C. C. Shah but I think there is a lot

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of confusion in this matter when we talk about concentration of wealth. I can understand the various taxation measures adopted by Government; Government have already placed the estate duty on the statute-book; they have already increased the tax on high personal incomes to 87½ per cent. The concentration of wealth and power is thus being taken care of by the taxation policy of Government.

But if this policy is to be taken to an extent which will prevent the present big houses from planning for expansion or establishment of new industries, it will be a new policy to me and to these houses. We would all like to know how big business stands in this respect. My submission is that the principle of putting a ceiling on the number of companies which a managing agency can have is inconsistent with Government's policy of expanding the country's resources. We can wait for some more time for an application of these ideologies.

We have been told time and again by our Prime Minister that if we concentrate too much on the distribution side, it will only mean distribution of poverty. So, from the point of view of the interests of the country, whether a house is big or small, everybody should be encouraged to go ahead and nothing should be done in the name of concentration of wealth, or concentration of power, to discourage those who are in a position to do a job and who have got the necessary talent experience and resources to develop the country in the most economic and efficient manner.

My hon. friend Shri Shah was also very critical about the provisions about Secretaries and Treasurers. I would like to draw his attention to the remarks of the hon. Finance Minister when he said that this is a kind of managing agency system without teeth. Many of the powers of nominating directors and even of selling and purchasing have not been conferred on these Secretaries and Treasurers and if these Secretaries and Treasurers are not allowed to work, I am afraid it will cause great dislocation in several companies. If it is concentration at all, I submit it is concentration of technical, managerial and administrative personnel. It is not concentration, in any sense of the word, of economic power.

I would in this connection like to draw the attention of my hon. friends to the representation that was submitted by the Associated Chambers of Commerce of Calcutta. They have given various instances where there are a number of, sometimes as many as 25, tea estates under the management of one concern. A single manager and a single superintendent is looking after the management of all these estates. You cannot get the services of a top technician for a small estate, if these are to be fragmented. The idea, therefore of having Secretaries and Treasurers, I think, is a constructive idea, and if the limit of ten companies remains, it will help at least in continuing the benefits which these various companies enjoy by this concentration—if it can be so called—of technical, managerial and administrative personnel. Because these companies are small they cannot naturally afford to have top technicians, because they cannot pay the high salaries which a qualified technician would demand. But if a number of companies are under one management and if they are able to have the services of such highly paid technicians, administrators, accountants and so on, naturally it goes for efficient and economic management and there is absolutely no question of any economic power being concentrated in the hands of Secretaries and Treasurers. I, therefore, think that these provisions about Secretaries and Treasurers are very helpful and very useful and they should be retained as they are. Otherwise, there is

bound to be a lot of dislocation and disintegration of several companies.

I would like to draw the attention of the hon. the Finance Minister to clause 197. I am glad that he has given an assurance that there are certain genuine difficulties if the clause remains as it is and I hope, it will be possible for him to accept a reasonable amendment to this clause. In my opinion it is not enough for the Government just to take powers to exempt in special cases. It is not a question of special cases. You have also roped in the word "manager" there and so far as legal opinion in certain quarters in Bombay goes, even the top factory managers may be classified under this clause, or may be roped in. I would suggest that there should be a proper clarification and I hope the hon. the Finance Minister will be able to do so in his reply. He should give a definite assurance that what is meant is not the employment of technicians in the shape of managers should be worded in a way which will be affected by this clause. Indeed I would like that the whole clause should be worded in a way which will not come in the way of companies employing highly qualified technicians. So far as this limit of Rs. 50,000 is concerned, it is quite obvious that for the first five or seven years, it would not be possible for any new company to make profits. It will be very difficult for those companies who have managing directors and managers to do the job.

When I talk of this Rs. 50,000 I may in passing draw the attention of the House to a recent Government appointment which was made of a Russian expert on Rs. 4,000 a month free of tax. This comes to something like Rs. 1,20,000 per year. I do not know how our socialist or communist friends would like an appointment of an expert from a communist country on the terms and conditions which they have been criticising all along. Here again is an example to show that if we have to get an expert foreign technician we have got to pay for it. There are various other instances of American and Continental experts working in various Government projects who are drawing Rs. 10,000 and Rs. 15,000 a month. Therefore to place a concern under the restriction of Rs. 50,000 a year is to place unnecessary hardships and difficulties. Why should it be necessary to come to Government every now and then to seek exemption from this clause? It will, therefore, be in the best interests of the industrial development of the country that a suitable amendment of this clause is made so as to ensure that genuine requirements of technical and managerial staff are not in any way affected by the operation of this provision and companies are not forced to come to Government for exemption every now and then.

I would now like to come to this vexed question of proportional representation. My hon. friend Shri Bansal has already dealt with in a very lucid way about the implications of this system of proportional representation. I am aware, and Shri Bansal himself has indicated—but certainly it will not be desirable to give any names here—how certain companies have functioned recently in Bombay when they had a board of directors who were constantly quarreling between themselves and how the affairs of those companies have simply gone to dogs. My hon. friend Shri Morarka is amply aware of this instance. When a company has got a board of directors who are constantly quarrelling between themselves then how can the smooth functioning of the company go on? It is the actual experience of a very important group of companies that the affairs have gone from bad to worse during the last two or three years owing to the presence of directors on the board, who have been quarrelling between themselves.

So, so long as there is no difference of opinion, the question of proportional representation does not arise;

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and whoever may be the directors, so long as they are acting in a way which is not in any way prejudicial to the interests of the company, this system of proportional representation will not serve any purpose. But when such differences arise, and when you force on the company some directors, who will create a lot of interference in the day to day working of company, then I say that it will very adversely affect the functioning of the company, and it will make the task of the board simply very difficult.

My hon. friend Shri N. P. Nathwani himself gave the example of a coalition government. We all know how the Congress-Muslim-League coalition fared for the short period that the country was ruled by them. It might be said that this was a political question. But apart from its political aspect, the fact remains that Muslim League also swore allegiance to the country as much as the Congress, and they also said that it was in the country's interests to act in the manner they did. Similarly, the minority directors also may say that they are doing something only in the interests of the company. But 'interests of the company' is a very wide term, and it can be interpreted in any way. The question, therefore, is—whether it is a concern or whether it is democracy—that unless you have got a team of people on the managing side who will agree between themselves and who will act in harmony, the smooth functioning of a concern is not possible. If such a team of people is not there, then endless complications will arise in the day to day management of the company. I would therefore respectfully submit that this proportional representation will be definitely detrimental to the smooth functioning of companies, and should, therefore be dropped.

I have no quarrel with the enabling clause, as it stands, under which any company if it so chooses can have that system of election. I have absolutely nothing to say against it. But I do not like Government to assume powers to themselves to impose two directors on any company, whenever they receive any complaint from ten per cent shareholders. This is really a very dangerous clause, under which a few companies might find it very difficult to work. For, after all, it may be that circumstances may prevail in a particular company in a particular manner, and if Government were to exercise this power to nominate two directors on the board of that company, who will be constantly at loggerheads with the majority, then that certainly would create a state of affairs which is absolutely undersirable. My submission is that the shareholders might resort to the various other remedies that are open to minority shareholders, such as going to court, going to Government, etc. So, there can be absolutely no justification whatsoever for placing people on the board, who will be constantly quarrelling with the majority.

I now come to the question of the omnibus powers which have been placed in the hands of Government. There are about 90 clauses, under which the companies will have to go to Government for seeking their consent and permission at every stage. To take one instance, whenever any new managing agent has to be appointed, then the permission of Government is necessary. The criterion that has been laid down is that in giving permission to that company to have that managing agent, Government will see whether he is a fit and proper person. What is the definition on 'fit and proper person'? Again, I would ask my hon. friend Shri C. C. Shah to realise the implications of this clause in terms of concentration of power and wealth. So far as one can make out, 'fit person' can be defined only as a person who has got the necessary experience and background of industrial management. If

a Government officer is going to examine the application of any newcomer, then naturally he will class that newcomer as an unfit person, because he has no experience in that line. That will only mean that only those who are already in the line, i.e. the big people alone will get the certificate of fitness, and those who have absolutely had no experience, and who want to enter the line for the first time, will have to be left out. I do not quite realise the implications of this clause. I can understand the desirability of keeping out somebody who may be undesirable, who may have misbehaved, or who may have something else against him. But to apply a positive test of fitness and capability while granting permission will certainly lead to unnecessary complications, and I think it will be better that this clause providing for the system of giving a certificate of fitness and capability to managing agents is not introduced in the Bill.

I shall give you another instance in this regard. Even if the company has to increase the number of directors, within the maximum laid down in the articles of association, still the company has to seek the permission of Government for that increase. I simply cannot understand this provision. If when once the company is floated, the articles are filed with the Registrar, and the maximum number of directors is laid down in the articles themselves, then where is the necessity or the desirability of going to Government even if one or two additional directors have to be added to the board for some very essential reasons. I submit that this is going rather too far. It does not in any way solve the problem. If one has to go to that extent, which one can imagine, into all details of work that has to be done in the company day to day, then that is quite another matter. But in the ordinary course, one cannot see the justification of going to Government for their consent even for having an additional director on the board within the maximum laid down in the articles.

Then again, the remuneration of the managing director cannot be fixed, unless it is approved by Government. The key-stone of a joint-stock enterprise is democratic functioning. After all, it should definitely be recognised that the shareholders are the ultimate masters of their money and of their company. Why should Government come to the conclusion that the shareholders cannot protect their interests, and therefore, Government must step in to protect their interests?

Shri S. S. More: Have they been able to protect their interests up till now?

Shri G. D. Somani: Things have changed since then, i.e. since the period which my hon. friend Shri S. S. More is contemplating. I know of company meetings in Bombay which continue for two hours, or three hours, and sometimes even late up to midnight, and in some cases where the meetings have to be adjourned also. The shareholders of today are not the shareholders of ten years or fifteen years ago, who did not attend any company meetings, and things went on at that time according as the managing director chose. But conditions have changed now.

I quite realise that the utmost possible publicity should be give to the affairs and accounts of the company, and that the shareholders must have the fullest possible right to go into the minutest details of work in their company. But that is the farthest one can go in the ordinary course of company management. And to try to think that the shareholders are unable to protect their interests, and therefore Government must step in at every stage on every minor matter to protect them, is to contemplate the impossible. We have got so many things to do at present in the economic field that it will simply not be desirable even for the Department of Government to fritter away their

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time and energy in scrutinising small points of a vast number of companies that will be springing up throughout the country. It would simply mean providing for an impossible state of affairs, so far as one could see. I can understand that sort of thing in respect of certain important matters of policy which have got to be approved by Government. But to say that on each and every minor detail, one must go to the Government Department and seek their approval will mean creating unnecessary complications. I do not see the slightest justification, therefore, for some of these powers which are sought to be taken by Government.

Then, even if there is a slight change in the managing agency firm or company, Government's approval should be sought.

Certain powers were taken in 1951 to deal with some temporary difficulties. Now, they are sought to be provided permanently on the statute-book. I can understand that if there is a major change in the constitution of the managing agency—you can provide for a certain percentage—then the Government's permission should be necessary, but if Government has to be approached for approval even if there is a slight change, a technical change—if somebody retires or if somebody dies— it is again creating a sort of unnecessary interference in the day to day working of the company.

There are various other clauses—as I said, there are about 90 or 95 of them—under which companies have to go to Government at every stage for seeking their approval. At a time when we have to concentrate on big things and big policies, when big development plans are under execution, I think you are simply putting powers in the hands of Government which they will not be able to exercise with the care which they deserve. We are all aware of the deficiency of the administration in company law all along. Indeed, it has been recognised and unanimously felt that it was not so much the lack of legal provisions in the present Act as the deficiency of the administration which has been responsible for many of the abuses and malpractices. That being so, it is better to tighten our administrative machinery in implementing certain major policies and in ensuring that the companies, so far as the major points are concerned, have to seek Government's consent and approval. But to stretch it too far, to provide for each minor and minute detail to be taken to Government for approval, is, I personally feel, doing things in a most impractical manner, and it will put a burden on the Government which they may not be able to carry out satisfactorily.

These are the few important points to which I wanted to draw attention. I would in the end again appeal to hon. Members to dispassionately consider the Bill as it stands. We are here to make combined efforts to take our country forward to progress and prosperity. There are business people who are capable of delivering the goods, who have shown by their experience and by their achievements, that they are capable of making a positive contribution to the development of the country's resources. It is in that spirit of encouraging the development of the corporate sector that the entire Bill should be designed. I again repeat that the Bill should not be designed only to maintain law and order. That is also one consideration and we must ensure that our company management is on sound and healthy lines. But the primary objective must be to encourage and assist the formation of companies throughout the length and breadth of the country. And if the Bill, as it stands, is passed into law, then I am very much afraid that it will come in the way of decentralisation of our economy and of various small companies springing up throughout the country; there may also be various

other complications which the big companies may have to face. The Bill, I quite agree, has not been placed before the House in any haste. I agree with the Finance Minister in that respect. It has been a subject-matter of detailed inquiry and the Joint Committee also devoted its full attention in scrutinising and examining the various provisions of the Bill. But my submission is this, that in this scrutiny and examination, the Bill has been made more complicated, more cumbersome, more intricate, more rigid and more restrictive, and the entire developmental approach has been subordinated to the approach of keeping the abuses out. So far as the major points to plug the loopholes are concerned, there can be no difference of opinion. The difference of opinion is only is, as regards the extent to which we should go in realising this goal. We must have a healthy and sound management, but in ensuring that management, we should not go too far, which will in any way adversely affect the scope of free enterprise, and it is in that spirit of examining the Bill to promote the economic development of the country that I appeal to all the hon. Members of the House to see that the Bill, as it is finally passed, is designed in a manner which will assist in the fulfilment of that objective.

Mr. Deputy-Speaker: Shri Barman. A number of hon. Members who have appended Minutes of Dissent have been called. As regards other hon. Members, many of them were on the Joint Committee. I intend giving an opportunity to such of those hon. Members who have not served on the Joint Committee and have had no opportunity to speak.

Shri Barman: I was not on the Joint Committee.

Mr. Deputy-Speaker: I know.

Shri V. B. Gandhi (Bombay City North) rose—

Mr. Deputy-Speaker: The hon. Member was on the Joint Committee.

Shri V. B. Gandhi: I was just going to say that. Because we were on the Joint Committee, we were not allowed a chance to speak last time. Now, I am one of those who have not had a chance to speak.

Mr. Deputy-Speaker: He need not speak if he was on the Joint Committee. The Joint Committee went on for several months, for one year. If any Member had appended a Minute of Dissent and had some particular points to urge, and I consider it necessary that those points should be pressed, it is one thing, but if a Member wants merely to say that the Joint Committee Report ought to be accepted, why not other people, who have not had a chance, be given one?

Some Hon. Members: You are right.

Mr. Deputy-Speaker: After Shri Barman, I will call upon Shri S. C. Singhal.

Shri C. C. Shah (Gohilwad-Sorath): This is an invitation to append Minutes of Dissent!

Shri Barman (North Bengal-Reserved-Sch. Castes): While I was hearing my friend, Shri G. D. Somani, in the beginning, I thought that though he did not like the Bill quite well, yet perhaps considering all the circumstances, he was amenable to the present Bill. But half an our after he began—when it could not be clearly known as to whether he was supporting the Bill or opposing it—he gave expression to views with which I do not agree. That is to say, he began by criticising each and every clause that has been inserted later on by the Joint Committee. I for myself have taken this opportunity to speak specially to thank the Joint Committee for the changes that have been introduced in the Bill. In the beginning, I thought that I should take up a few points that have been made by opposition parties and also the Notes of Dissent apended to this Bill. From that I find some of the parties are

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not at all satisfied, specially the PSP, the RSP and the Communist Party, for two reasons. First of all, they want to say that the managing agency system should be done away with all at once and no time-limit should be given to the life of the system. The second point they have made is that in order to administer the Company law an autonomous authority should be constituted; they cannot accept that any government department, any Advisory Commission, can fulfil that task. With both these points, I would say I do not agree, and I shall presently explain it. The inspiration of the Opposition parties as regards this attitude is drawn from the expert committee Report. The expert committee have observed in their Report that their main task is to see that this company law serves the purposes of means and not the ends—alone so far as the administration of it is concerned. Later on also, they have said in their Report that so far as their province is concerned, the problem of economic policy is outside the scope of their inquiry. For that, they have cited the Cohen Committee Report, and observed as follows:—

> "It is not, however, the province of company law to anticipate what economic policy should be, and we fully endorse the following observations of the Cohen Committee:
>
> 'We have regarded the question of general economic policy, which embraces such matters as monopolies as outside our terms of reference. The company law should, in our view, deal with companies irrespective of their particular activities; questions of economic policy should be dealt with by legislation directed to that subject, and kept distinct from the general law governing companies' ".

The terms of reference given to the Bhabha Committee did not really involve anything more than this, because that Committee was constituted in the year 1948—as we can see from the Report of the Committee—to investigate and report on how companies can be best administered under the present circumstances. So I was saying that the Bhabha Committee, according to their terms of reference and according to the notion on which they proceeded, have done their job quite well. But times have now changed. After the passing of the Avadi resolution and endorsement of the same resolution in this House, times have changed and the policy that has been adopted by the Bhabha Committee is a shortcoming so far as the new policy is concerned. That has been supplemented by the Joint Committee Report. The Joint Committee has inserted certain provisions in this Bill and it is to those very provisions Shri Somani has taken exception. My view is that the Joint Committee has acted in consonance with our present economic policy and it has improved upon the main provisions of the Bill and both together serve the means as well as the ends of the administration of company law.

3 P.M.

You will find that in clause 197, which Shri Somani has cited, it has been provided that the maximum managerial remuneration should be fixed from time to time by Government. It is necessary because of the economic policy that we want to administer in this country henceforward.

[PANDIT THAKUR DAS BHARGAVA *in the Chair*]

It is for that purpose that I hope Government will, while considering the circumstances of a particular company or business house, take into account how many experts they have to engage, what is the liability of the managing agent in that particular concern and then suggest what the managerial remuneration should be accordingly. The Finance Minister himself said that the provisions of this clause, as they stand, may have to be modified in some way or other

and for that he will place some amendment before this House. We shall consider it at that time. But, my point is that this is one of the provisions that have been inserted by the Joint Committee and that removes a lacuna that existed in the Bill.

Secondly, Shri Somani has criticised the insertion of clause 323 to notify an industry wherein the managing agency may be terminated after August, 1960 or even before. I do not think there should be any objection to that. If, as Shri Somani says, there are certain companies which are doing their job very well and whose assistance is necessary for the development of the country's industry, then they can exist even after that date. But, if in any particular industry, the Government, with the advice of the advisory commission and with the approval of the country as a whole, finds that there is no necessity for the managing agency to be continued, what is the objection of my friend to a provision like this by which the Government can terminate such managing agencies? There should be none.

At the same time, those who hold the extreme view that the managing agency should be terminated by a particular date, I submit, should not hold that view. If we find that particular managing agencies are really doing well and are helping in the development of the country industrially and they are doing their work according to the advice of the Government, certainly, we shall continue them. I may tell you that we should have to do some such thing.

I will give a comparison, though it will be said that it is comparing big things with very small ones. I, as a farmer, require a pair of bullocks for cultivating my field. I also require a cow for giving milk to my children. There are bullocks, which when tethered break the string and stray into the field and feed upon the crops. Shall I sell them off at once? I should provide for a stronger string. Similarly, in the case of my cow. There are some bad cows which will kick when you want to milk them. I just tie the hind legs and get the milk. I do not sell the cow at once. If after some time I find that the cow does not give milk even when the legs are tied, then, of course, I shall have to sell it. Similar is the thing done here.

An Hon. Member: A practical instance.

Shri Barman: Yes; a practical instance because I do not know the intricacies of business houses.

Shri T. N. Singh (Banaras Distt.-East): If they are not wicked cows but yet do not give milk, what will happen?

Shri Barman: If they do not give milk I shall sell them off.

I think this provision is a mean between the two extremes. I am not for disposing of managing agencies which prove beneficial to the development of industry; it is in the country's interest to allow them to continue. If in any particular industry or a particular case it is considered that there is no need for any managing agency, Government, with the best advice, can discontinue the managing agency after the stipulated date. I do not find any objection there.

Shri Somani has taken objection to practically all the new clauses that have been inserted by the Joint Committee and which I strongly support because these are practically the clauses that will help us in furthering our economic policy, the particular destination which we want to reach sooner or later.

He has taken objection to clause 325 and, perhaps, also to clause 344. Clause 325 is an improvement on the existing clause which was in Schedule XII as clause 87CC of the 1951 amending Bill. But the improvement made by the Joint Committee is that the Government will consider at the particular time whether they should appoint or re-appoint a managing agency. In clause 344 the Government will recognise the claims of the

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heirs or successors of the managing agents while considering other things and they will consider these claims or applicants for appointment or re-appointment if they fulfil certain conditions. I think Government is going to take this power for certain purposes and it is again for furthering our economic policy.

We want to bring down the remuneration of the managing agents. Under this Bill that we are going to pass the existing managing agencies cannot be touched, so long as their terms do not expire or till the 15th August, 1960. Up till now the conditions that they have entered into with the shareholders will subsist. We want that after 1960 or after three years from notification in the case of particular businesses, Government should carefully consider these aspects, that is, whether there should be a real change in the managing agents, whether the remuneration that is stipulated already in the previous contract is fair and reasonable, and if it is not fair, certainly Government will exercise its right to reduce the remmuneration. If the managing agent concerned consents to such reasonable reduction, Government will consider renewing the contract. Though these things may not be expressly provided, I think that is the motive on which the Joint Committee has amended the existing clauses.

The Minister of Finance (Shri C. D. Deshmukh): Remuneration will be, according to the Act, after the end of the financial year—under clause 347.

Shri Barman: Anyhow, Government can put in certain conditions under certain circumstances and if the companies are amenable to those conditions.

Mr. Chairman: No conditions, according to the provisions of the Act.

Shri M. C. Shah: The remuneration that obtains now will not be the same after the coming into effect of this Act. The new terms will come into effect accordingly.

Shri Barman: I am thankful for this correction. I did not notice that clause. Anyhow, it is stipulated under the amended section 325 that Government may put in certain conditions which Government consider to be reasonable.

Clause 331 is a new clause inserted by the Joint Committee, fixing the total number of companies as ten in the case of managing agents; that is, no person shall be a managing agent of more than ten companies. That is also a wholesome provision and the objective is practically the same. There may not be any concentration of wealth in a few hands. If one family is managing agent for a number of companies, that means accumulation of wealth at one place. The purpose is in conformity with the Directive Principles of the Constitution.

Again, the Joint Committee has made certain amendments by which two directors can be appointed under special circumstances under clause 407—and under clause 246, power is given to a company to adopt proportional representation in the matter of voting, election of directors, etc. I do not want to cite any more instances, but I simply want to say that the Joint Committee has made definite improvements on the original Bill, and most of the improvements fulfil the purpose of our economic policy, which the Bhabha Committee did not go into because they though that that was not their province.

The next point is as to whether the administration of the Company Law would be better done by an autonomous authority or by an advisory commission as proposed in the Bill. I submit that a Government institution, that is, an advisory commission, would be better fitted for the task. The Bhabha Committee, of course, recommended an autonomous authority because they brought that enunciation

of economic policy was not the job of the Company Law but that it should be done by some other enactment. Now, certain amendments have been made by the Joint Committee, that is, that the Company Law must have within its purview not only the efficient formation of companies but also they must have an eye upon the economic policy that the country has adopted recently. It is only the Government that can perform this job. Our experience with autonomous authorities is not happy; after being installed in power, these autonomous authorities even tried to question the authority of Parliament over their work. Of course, this has been corrected later. Even then, I think that an autonomous authority can act within a certain sphere and under certain limitations. So far as policy is concerned, it can act only on the policy that has been laid down by Government. But in these matters it will be very difficult for Government to lay down definite policies as to how to reduce the income of the managing agencies in so far as the economic policy is concerned. The advisory commission will advise Government and here from day to day the Members of Parliament shall have the right and the opportunity to ask the hon. Minister how this thing has been done or that has not been done. Therefore, this House will be in closer touch with the administration of the Company Law if we place the task of discharging the functions under this Law on the Government, advised by an advisory commission. I think this is the best plan that we have drawn. Of course, there may be changes here and there and I have not gone through the particular provisions of the Bill carefully and they will come up for discussion when we take up the second stage of consideration.

I wish to say that Government should have some more powers, so far as investigation and auditing is concerned, besides the powers stipulated here. My suggestion is that Government should set up a body of inspectors and auditors and place them in different parts of the country where the industries are concentrated, so that they can send these inspectors and auditors, to audit and inspect each and every company on an *ad hoc* basis. In that case, the companies and business offices will always remain cautious because they know that somebody can at any moment come down upon them if they did not behave properly. As the Finance Minister said the other day that the Kandyan King had two Prime Ministers, I think he should have another added to his cabinet as it will help his objective.

With these words I support the Bill.

Shri Nevatia (Shahjahanpur Distt.—North *cum* Kheri—East): A lot of criticism has been advanced against the managing agency system. It has been said that it is against the socialistic pattern of society envisaged by us. Whatever other things might be said about the managing agency system, I do not see any relation between the system and the socialistic pattern of society because as our Prime Minister on some other occasion had said, there are many countries in the world which are called capitalistic countries and they do not have this system. What we have to do is to see whether in the conditions of our society, this system is useful for promoting private corporate enterprise. That is the main issue which we have to look to. The Bhabha Committee after a lot of deliberations came to the conclusion that shorn of its evil, this institution was a useful thing and that it should be continued in the interest of the country. Nobody has disputed that argument. Even the Joint Committee has not contradicted that conclusion. They only suggest that Government should have power to review things after a certain period of years. It has not come to the conclusion that the institution is not useful. The very fact that the managing agency system will continue definitely for another five years shows the same. Even after that, Government have not

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said that they will discontinue it. They want only time for reviewing as to how the managing agency system works.

So far as the question of private enterprise is concerned, the main issue is the private joint stock enterprise and we have to take it into account when we talk of the abolition of the managing agency system. The Prime Minister has said on one occasion that the private enterprise should be allowed freedom to act provided we have certain embankments so that it does not flood the countryside and cause devastation. It must be allowed certain liberty to act. Otherwise private enterprise will have no meaning. We should view this report and our suggestions from this point of view: whether it will promote the purpose which we have in view, that is to say, raising the standard of living of the people to a considerable degree by an increase in wealth. So long as we feel that the managing agency system can continue to promote the joint stock enterprise and help in that process, I think there is every reason to help that system after depriving it of its undue gains or whatever it may be and making it run on healthy lines. That is the main purpose of this Bill.

The report of the Joint Committee has cut down the remuneration to a very large extent. The other day the Finance Minister pointed out that the remuneration for a number of companies came to 27 per cent. of the profit. It has been cut down to 11 per cent; that is quite a big reduction. The average might have been 14 but in a large number of companies he said that it worked out to nearly 27 per cent. and now it is sought to be fixed at 11 per cent. That is a good feature in this report.

But there are certain other things which should be looked into. For instance, it is stated that the Government will look into it whether a person is a fit or proper person, to be appointed or re-appointed as managing agent. As my friend, Shri G. D. Somani, pointed out, this is liable to create a lot of difficulties. It will depend upon the officer of the Government to judge whether a person is a fit or proper person to be a managing agent. A new man may not be treated as a fit and proper person. Instead of saying so, is it not possible to say that these are the disqualifications as we have provided in the case of directors. There are certain disqualifications. He should not be of unsound mind; he must not be such and such and then only he can be elected as a director. Similarly, is it not possible to say that these are the disqualifications for becoming a managing agent rather than saying that the Government shall decide as to whether one is a proper and fit person? It will lead to the vagaries of the officer concerned; he may recommend that a particular managing agent has no experience of a particular line and therefore he is not a fit and proper person. This will lead to a lot of other complications. In my opinion instead of leaving it to the Government, the law should specify certain disqualifications so that the chances of corruption in these matters are minimised.

The previous speaker has recommended proportional representation. I know from experience the cases of several industries in Uttar Pradesh. They were not able to pay the wages to the labourers because the directors quarrelled among themselves. There was no homogenous board as a result of which half a dozen sugar factories closed down and great hardship was caused to the workers. They were not able to make payments to the cane-growers. All of them were flourishing sometime back and then the directors quarrelled. So, the homogenity of the board is a very vital fact in working the companies. Otherwise what has happened in the case of several sugar mills in Uttar Pradesh is likely to be repeated almost everywhere.

The Finance Minister has said that there is no reason to think that the practice which is prevailing in political democracy is not likely to succeed

in economic democracy—he said some such words. Some friends have suggested that the analogy of political democracy does not apply to economic democracy. But we know that so far as the broad objectives are concerned, almost every political party says that it has the good of the country at its heart and yet it is not possible to have in our cabinet representatives of all the parties. It would not lead to smooth working of day to day policies. Similarly, I do not see any reason why we should not continue the same system in companies also because every day decisions have to be taken there also. There may be honest differences of opinion and every time the business may have to be carried by majority votes. It will lead to some bitterness. Our people are not so used to it to accept every majority decision with grace. It leads to bitterness and frustration and ultimately it creates trouble. We should not do everything by a majority. There are ample safeguards provided in the new Bill so that in case of difficulties, the minority has a right to go to the Government and say that they are being oppressed and the Government will certainly intervene. I support the present permissive provisions.

Shri Veeraswamy (Mayuram-Reseved—Sch. Castes): On a point of order, Sir, there is no quorum in the House.

Mr. Chairman: I think there is. Let me count the members.

Shri Nevatia: They do not make it compulsory that there must be proportional representation.

Mr. Chairman: I am ringing the bell—now there is quorum.

Shri Nevatia: I would request the hon. Finance Minister to clarify certain things about clause 197. The manager's remuneration includes many things and all are put together. The word used is 'manager' and not 'managers'. Now, the manager is defined as a person who wholly or substantially controls the affairs. Now, managing agents are also defined almost in the same terms. I do not see how the managing agent and manager can both have substantially or whole control. Both cannot have the same type of control. If the manager is to work under the managing agent, then, I believe his remuneration does not come under the definition of this clause. Because, two persons with different designations—managing agent and manager—cannot have control over all the affairs of the company.

Shri C. D. Deshmukh: If there is delegation of powers?

Shri Nevatia: Unless the managing agents delegate the powers over the whole affairs of the company I believe, this clause can not come into operation.

Shri C. D. Deshmukh: That is the intention. There may be an attempt to circumvent the 11 per cent. The managing agent might say: I am drawing 11 per cent. and so the rest of it is going to the manager. And, the manager may be a relation or an associate of his.

Shri Nevatia: I am glad this has been clarified; otherwise even where there is no delegation of whole or substantial powers, even though the manager does very important and vital job in the factory, he would come under this clause. But, since there is no delegation of such powers that is, the managing agents do not abdicate themselves of the powers and, therefore, that position would not come.

My only submission here is that this system, which has been useful in the past and about which the Bhabha Committee said that inspite of all its evils it can still be continued, should not be discontinued merely because of certain gross abuses which have been found in the system in the past.

Inspite of the several criticisms that have been advanced against certain business houses with which I also agree, we know from the present market quotations of the shares of the companies managed by them that the

[Shri Nevatia]

public has got a lot of confidence in the shares of those companies, their share prices have gone up very considerably.

Shri T. N. Singh: They have confidence because of the proposed Bill.

Shri Nevatia: Even before the joint Committee had given their report on this Bill the market quotations had gone high and they are still going up. The companies which are floated by these business houses are subscribed by the public. Inspite of the fact that the public know that quite a lot of money will be taken by these houses they know that if they invest their money in buying shares of the companies floated by these business houses there is a chance of appreciation in the value of shares. They have the 'know-how' and they work efficiently with the result that they do bring down the cost of production. That is the confidence which the public have in these business houses. Inspite of the system of interlocking and many other complaints made about these business houses still the public find it worthwhile to invest their money in the companies floated by these people. That shows the measure of confidence the public have in their ability to run these companies efficiently. After all nobody invests in a share simply to get 3 or 4 per cent return. If that were so he would have gone for a government loan. Mostly people invest money on shares to get appreciation in share value. People invest in joint stock enterprises primarily to get some appreciation in share value and not to get 3 or 4 per cent return. The fact that certain business houses are able to cammand such confidence from the public with regard to their ability to run new enterprises shows that so far as the ordinary investor is concerned he is not so very suspicious as we in this House feel. Honourable though we are, I do not think that many of the outside shareholders will come forward to invest money if we try to float enterprises. People who have got the 'know-how', people who have run business efficiently and who are able to bring down the cost of production for their articles will be supported by the public. Inspite of the fact that they grab a little more money, people know that their cost of production will be lower and they will be able to make a success of the company. That is why the public have confidence in those business houses. We should, therefore, utilise their talents and see that they do not make undue gains at the cost of the community. That purpose is very well achieved by the proposals of the Joint Committee.

श्री एस० सी० सिंघल (जिला अलीगढ़) : मैं एक बात साफ कर देना चाहता हूं कि मैं न इन्डस्ट्रियलिस्ट हूं और न वकील हूं, लेकिन मैं कम्पनी ला से कुछ वाकिफ हूं, मुझे भी उस का कुछ अनुभव है। जो कम्पनी ला पहले बना था वह कुछ सीधा सादा सा था लेकिन अब जो कम्पनी ला बना है, जो बिल आया है, वह बहुत बड़ा और ६४६ क्लाजेज का है। इस की भाषा भी क्लिष्ट सी है, इस का समझना मुश्किल सा है। मेरी समझ में तो जो स्थानीय वकील हैं वह भी नहीं समझ सकेंगे। इस का नतीजा यह होगा कि जो बड़े बड़े आदमी हैं, जो बड़े बड़े वकील कर सकते हैं, वही नई कम्पनियां बना सकेंगे। फल यह होगा कि नई कम्पनियां बड़े बड़े शहरों में ही बन सकेंगी। दिल्ली, अहमदाबाद, बम्बई, कलकत्ता, कानपुर आदि के लोग उन को चला सकेंगे और छोटे शहरों में नई कम्पनियों के खुलने में यह बिल बाधक होगा। इस लिये वित्त मंत्री साहब से मेरी यह प्रार्थना है कि अगर अब इस की भाषा नहीं सुधर सकती है तो कम से कम नोट्स बना कर पब्लिक में बंटे जायें जिन की सहायता से इस कानून के समझने में लोगों को दिक्कत नहीं हो।

हमारे हाउस में यह कायदा चला आया है कि जो क़ानून बनते हैं वह अंग्रेजी ढंग के बनते हैं। उन में बड़ी दिक्कतें होती हैं। कभी यह होता है कि हाउस की राय कुछ होती है और सुप्रीम कोर्ट उस में कुछ और रूलिंग दे देता है। नतीजा यह होता है कि कई दफा संशोधन होते रहते हैं। मैं चाहता हूं कि कानून ऐसा बने जिस में जो हाउस का इंटेन्शन हो, पार्लियामेन्ट का जो विचार हो, वह साफ जाहिर हो। मुझे चीन के बारे में कुछ किताबें पढ़ने का मौका मिला है, वहां हम देखते हैं कि जो कानून बनते हैं वह बहुत सीधे सादे होते हैं। कानून का जो प्रिएम्बुल होता है, उद्देश्य होता है, वह साफ साफ जाहिर होता है। उस में जो सेक्शन और क्लाजेज होते हैं उन में साफ कर देते हैं कि यह सेक्शन या क्लाज इस उद्देश्य से बना है। मैं आप को यहां का प्रिएम्बुल दिखाता हूं :

"to consolidate and amend the law relating to companies and certain other associations."

इस से कोई बात साफ जाहिर नहीं होती है। अगर इस प्रिएम्बुल में लिखा होता

"to consolidate and amend the law relating to companies and certain other associations with a view to protect the rights of the shareholders and with the object of gradual elimination of the managing agency system."

तो इस से यह साफ हो जाता कि क्या उद्देश्य हैं और हर एक की समझ में आ जाता। इस लिये मेरी फाइनेन्स मिनिस्टर से और पूरी गवर्नमेन्ट से यह प्रार्थना है कि अगर कोई कानून बनाया जाय तो वह साफ साफ सब के सामने आना चाहिये कि हमारा यह इरादा है, इस इरादे से कानून बना है और वह इस तरह से पूरा हो सकता है।

श्री टी० एन० सिंह : रामायण की भाषा में लिखना चाहिये।

श्री एस० सी० सिंघल : यहां पर चार रोज से वाद विवाद चल रहा है, मैं एक बात यह देख रहा हूं कि जो हमारे कैपिटलिस्ट् सदस्य हैं, या उन के साथी, वह तो आधे दिल से इस बिल का समर्थन कर रहे हैं और दूसरे लोग काफी इस की आलोचना कर रहे हैं। मैं ने श्री सोमानी की स्पीच सुनी थी, बंसल साहब की स्पीच सुनी थी। वह लोग न जाने किस दुनिया में रहते हैं। वह यह चाहते हैं कि जैसे भेड़िये को भेड़ों को खाने की आजादी रहती है उसी तरह से कैपिटलिस्ट्स को हमारी जनता को चूसने की आजादी रहे। वह इस में सुधार नहीं चाहते हैं। वह यह कहते हैं कि, हां साहब, कुछ मैनेजिंग एजेन्ट्स ऐसे जरूर थे जिन्होंने गलतियां की हैं, कुछ शैतानियां की हैं और उस की वजह से इस सिस्टम को बदनाम किया जा रहा है। लेकिन मेरा कहना यह है कि मेरी समझ में तो भारत में एक भी मैनेजिंग एजेन्ट ऐसा नहीं है जिस ने टैक्स का इवेजन न किया हो या ब्लैक मार्केटिंग न की हो। आप बड़े से बड़े कैपिटलिस्ट को ले लीजिये, कोई भी इन बातों से बचा नहीं है। मुझे डर है कि अब भी इस कानून के पास हो जाने के बाद भी वह कोई न कोई तरीका ऐसा निकाल लेंगे जिस से वह उन्हीं बातों को करते रहें जिन को अब तक करते रहे हैं। मैं भी इस सिस्टम के बहुत विरोध में हूं। मैं बिल्कुल नहीं चाहता हूं इस को, लेकिन इस बिल के लिये मैं अपनी सपोर्ट दे रहा हूं, इस लिये कि अगर इस में कुछ बुराई है तो आगे यह मैनेजिंग एजेन्सी सिस्टम खत्म हो जाय। मेरा इस के साथ पूरा सहयोग है। सरकार को इस बिल के अन्दर, काफी ताकत और शक्ति मिल गई है। अब सरकार के ऊपर यह जिम्मेवारी आ जाती है कि वह इस शक्ति का दुरुपयोग न करे। सरकार को यह जिम्मेवारी ठीक तरह से निभानी है सरकार अब जो डिपार्टमेंट खोले उस डिपार्टमेंट में ऐसे आदमी रखे जो बहुत ही ईमानदार हों, बहुत ही मेहनती हों और अपना काम जिम्मेदारी से करें। अगर आप ने अच्छे आदमी न रखे तो आप कामयाब नहीं होंगे

[श्री एस० सी० सिंघल]

और मैं समझता हूं कि उस सूरत में इस बिल को पास करवाने से कोई फायदा नहीं होगा।

मुझे तो उम्मीद है कि इस बिल के पास हो जाने पर जो पूंजीपति हैं वे सरकार से सहयोग नहीं करेंगे और कोई न कोई वे ऐसा तरीका निकालेंगे जिस से कि उन का घर भरे। आप ने एस्टेट ड्यूटी बिल पास किया। आप बहुत उम्मीद करते थे कि आठ दस करोड़ की आमदनी आप को होगी लेकिन आप ने देखा कि एक डेढ़ करोड़ से ज्यादा आमदनी आप नहीं कर पा रहे हैं। उन्होंने कोई ऐसे तरीके निकाल लिए हैं जिस से कि वे इस टैक्स से बच जाते हैं।

श्री राजे (भूसावल) : पूंजीपति इतने मरे नहीं होंगे जितने कि फाइनेंस मिनिस्टर साहब सोचते थे।

श्री एस० सी० सिंघल : इस वास्ते मेरी प्रार्थना है कि आप यह ध्यान रखें कि पूंजीपति इस से बचने का कोई तरीका न निकाल लें।

मैनेजिंग एजेंटों की आमदनी के बारे में भी चर्चा हुई है और इस के बारे में इस बिल में भी कुछ प्रोविजंज हैं। एक बात मैं याद दिलाना चाहता हूं कि उन की दो तरह की आमदनी होती है, एक तो विजिबल आमदनी होती है और दूसरी किस्म की वह आमदनी होती है जिस को कि इनविजिबल आमदनी कहते हैं। उन को जो इनविजिबल आमदनी होती है वह विजिबल आमदनी के कहीं ज्यादा होती है और वह आय कर भी मुक्त रहती है। इस वास्ते मेरी प्रार्थना है कि जो इनविजिबल आमदनी होती है उस पर कोई न कोई रोक अवश्य लगनी चाहिये...

श्री डी० एन० सिंह : इसका स्वरूप क्या है ?

श्री एस० सी० सिंघल : आमदनी होने पर भी वे दो दो और तीन तीन साल तक डिविडेंड डिक्लेयर नहीं करते, इस का नतीजा यह होता है कि जो कमजोर शेयरहोल्डर्ज होते हैं और जो अपने शेयर बेचना चाहते हैं उन को बहुत कम दामों पर बेच देते हैं। मैनेजिंग एजेंट यह बहुत सस्ते दामों पर खरीद लेते हैं। इस के बाद जब मैनेजिंग एजेंट डिविडेंड डिक्लेयर करते हैं, इस से शेयरों की कीमत बढ़ जाती है और तब वे इन शेयरों को बेच कर करोड़ों रुपया कमाते हैं।

जब कमिशन एजेंटस की मार्फत कोई माल खरीदा जाता है जैसे किसी टैक्सटाइल मिल के लिए रुई खरीदी जाती है, तो वह रुई आगे के लिए रुई खरीदी जाती है, फ्यूचर में खरीदी जाती है। उस कमिशन एजेंट के पास वे अपना नाम उस सूरत में लिखवा देते हैं, जब वे देखते हैं कि एक दो महीने बाद रुई की कीमत बढ़ गई और जब देखते हैं कि रुई की कीमतें गिर गई हैं तो उस सूरत में वे कम्पनी के नाम पर उस रुई को लिखवा देते हैं। इस तरह से जब कभी नफे की बात होती है तो वह तो वे खुद ले लेते हैं और जब घाटे की बात होती है तो वह कम्पनी को देना पड़ता है।

इस के अलावा इनश्योरेंस ब्रोकेज होते हैं। इनश्योरेंस का कायदा यह है कि जब किसी की इनश्योरेंस होती है अगेंस्ट रिस्क तो उसकी जो कमिशन होती है वह एजेंट को जाती है। इस तरह से जब ये इनश्योरेंस करवाते हैं तो एजेंटों से कह देते हैं कि इनश्योरेंस हम करवायेंगे आप की मार्फत लेकिन जो कमिशन मिलता है वह हम खुद ले लेंगे। इस तरह से हजारों रुपये रोज ये लोग कमाते हैं। मैं उस का नाम तो नहीं लेना चाहता लेकिन दिल्ली में ही मुझे एक बड़े रिलायबल सोर्स से मालूम हुआ है कि इस तरह से हजारों रुपये की आमदनी एक मैनेजिंग एजेंट करता है।

इसी तरह से जब स्टोर परचेज करते हैं, जैसे कभी कोई मैशीनरी परचेज करते हैं उस सूरत में इन लोगों को कम्पनी की तरफ से भी कमीशन मिलती है और जो एजेंट हैं उन को जो कमीशन मिलती है वह भी ये लोग उन के साथ बातचीत

करके खुद ही ले जाते हैं। इस तरह की बातों की इस बिल में कोई रोक नहीं है और यह चीजें ऐसी हैं जिन पर जरूर रोक लगनी चाहिये.....

श्री सी० डी० देशमुख : क्या इन चीजों के बारे में बोर्ड आफ डाइरेक्टर्ज कुछ नहीं कर सकते ?

श्री एस० सी० सिंघल : वह क्या कर सकते हैं ? आज तक तो वह नहीं कर सके और अब तक तो यह चीजें चली आ रही हैं और आगे के लिए मैं कुछ कह नहीं सकता। यह बिल इतना बड़ा है और इतना कम्पलीकेटिड है कि इस को कई बार पढ़ने के बावजूद भी मैं इस को पूरी तरह समझ नहीं सका हूं।

एक बात और है। जब इस बिल की सिलेक्ट कमेटी बनी थी उस समय मुझे शक हुआ कि यह जो सिलेक्ट कमेटी बनाई जा रही है यह इन्साफ नहीं कर सकेगी। इस का कारण यह है कि इस हाउस में जितने भी मिल मालिक, पूंजीपति और उन के पिछ लग् हैं वे सब उस में घुस गये। एक भी बाहर नहीं रहा। इस सिलसिले में हाउस आफ कामंस का यह नियम है यदि किसी मेम्बर का किसी चीज में कोई परसनल इन्ट्रेस्ट हो तो उस मसले पर वोट देने का अधिकार नहीं रहता है। यह हाउस आफ कामंस की प्रेक्टिस है। मैं मेज पार्लियामेंटरी प्रेक्टिस से रेलेवेंट पोशेन पढ़ कर सुनाता हूं....

श्री अलगू राव शास्त्री (जिला आजमगढ़-पूर्व व जिला बलिया-पश्चिम): जरूर बताइये यह आप बहुत अच्छी बात सुना रहे हैं।

श्री एस० सी० सिंघल : इस में लिखा है :

> "In the House of Commons it is a rule that no member who has direct personal interest shall be allowed to vote upon it".

Mr. Chairman: Why did you not object at the time when the Bill was sent to the Joint Committee that such and such a member who has direct personal interest should not be allowed to go on the Joint Committee?

श्री एस० सी० सिंघल : मेरे कहने का मतलब यह है कि जब उन को फायदा होता है तब तो वह सपोर्ट करते हैं और जब देखते हैं कि उन को नुक्सान होता है तो वे उसका विरोध करते हैं। खैर इस बात को जाने दीजिये। मगर मैं यह जरूर कहता हूं कि अगर बोर्ड आफ डाइरेक्टर्स में किसी डाइरेक्टर का कोई परसनल इंट्रेस्ट हो तो उसे मीटिंग में भाग लेने का अधिकार नहीं होना चाहिये। अगर आप ने उसे यह राइट दिया कि वह डिसकशन में भी भाग ले और उस को वोटिंग राइट भी हो तो इस तरह से इन्साफ नहीं होगा। आप ने एस्टेट ड्यूटी बिल बनाया और उस में कई कमियां रह गईं। इस कारण से जो सरकार उस बिल के जरिये से एचीव करना चाहती थी वह एचीव नहीं कर सकी। आप चाहते थे कि इक्वेलिटी लायें, समानता लायें और इसी वजह से यह बिल पास किया गया था। लेकिन उन कमियों के कारण बाधायें पड़ रही हैं और इस वास्ते इस बिल में भी जो ऐसी कमियां हैं उन को दूर कर दिया जाये। हमारे दो कैपिटलिस्ट मेम्बर सिलेक्ट कमेटी में थे और उन्होंने मिनट्स आफ डिसेन्ट दिए हैं। उन्होंने यहां तक कहा है कि कम्पनी के सीक्रेट रिजर्व को बैलेंस-शीट में न लाया जाय, क्योंकि अगर वह बैलेंस-शीट में आया, तो बहुत हल्ला मचेगा और बहुत दिक्कत पैदा हो जायगी। वे लोग यहां तक पहुंच गए हैं।

मैं ने वित्त मंत्री महोदय की स्पीच सुनी है। उन्होंने कहा है कि हम ने शेयर-होल्डर्ज के इन्ट्रेस्ट्स को प्रोटेक्ट करने की कोशिश की है। यह बात बिल्कुल ठीक है। यह उनका फर्ज है कि वह शेयर-होल्डर्ज के इन्ट्रेस्ट्स को प्रोटेक्ट करें। आखिर आदमी रुपया कमाता है, बचाता है और फिर इन्वेस्ट करता है। उसके रुपया की रक्षा होनी चाहिये लेकिन यह बड़ी अजीब बात है कि उन्होंने श्रमिकों के बारे में—वर्कर्ज के बारे में—कोई तवक्किस नहीं किया गया, हालांकि

[श्री एस० सी० सिंघल]

भाभा कमेटी ने इस बारे में जिक्र किया है और इस कम्पनी बिल के उद्देश्य बताये हैं। सफा १२ पर "आबजेक्टिव्ज" में दिया हुआ है कि :

"In the Chapters that follow, our object will be to consider to what extent it is possible to adjust the structure and methods of the corporate form of business management with a view to weaving an integrated pattern of relationships as between promoters, investors and the management, so that:

(a) the efficiency of the corporate form of organisation may be increased as measured by accepted standards;

(b) managerial efficiency may be reconciled with the legitimate rights of investors;

(c) the interests of creditors, labour and other partners in production and distribution may be duly safeguarded; and

(d) the attainment of the ultimate ends of social policy is helped and not hindered by the manner in which the corporate form of business organisation works in this country."

मैं आपको यह बात बता देना चाहता हूं कि जब तक आपको वर्कर्ज का सहयोग न मिलेगा, तब तक कम्पनीज नहीं चलेंगी। आपको याद होगा कि कानपुर में मिल-मालिकों और वर्कर्ज में झगड़ा हुआ और डेढ़ महीने तक कारखाने बन्द रहे। हम को यह बात समझ लेनी चाहिए कि रुपए की निस्बत वर्कर्ज की ज्यादा अहमियत है। जब तक वे खुश न होंगे, तब तक कम्पनीज ठीक तरीके से नहीं चल सकती हैं।

मैं आपको वर्कर्ज का हाल बताना चाहता हूं। एक मैनेजिंग एजेन्ट हैं---शायद वे सब से बड़े हैं। बड़े देशभक्त भी रहे हैं। करोड़ों रुपया उन्होंने दान दिया है। वह महात्मा गांधी के खास भक्तों में से हैं। वह अपने को देशभक्त कहते हैं। मैं आपको बताना चाहता हूं कि उनके वर्कर्ज की क्या हालत है।

मेरे पास एक किताब है "हाफ दे टु फ्रीडम"। यह किताब एक अमरीकन लेडी जर्नलिस्ट ने लिखी है, जो १९४६ से १९५० तक हिन्दुस्तान में रही। वह यहां प्रधान मंत्री के यहां भी रही और उनके साथ खाना खाया था। महात्मा गांधी के साथ भी उसकी बात चीत हुई थी। इस ने यहां के अपने अनुभव इस किताब में लिखे हैं। उन्होंने बताया है कि यहां वर्कर्ज की क्या हालत है। यह किताब बहुत बड़ी है और बयान भी बहुत ज्यादा है। उस में से थोड़ा सा मैं पढ़ कर सुनाता हूं। मैं आपको नाम भी बता देता हूं---उसने बिरला वर्कर्ज के बारे में लिखा है। वह उनके कारखाने में गई---खास तौर से उस हिस्से में जहां कि वर्कर्ज रहते थे। उस जगह के बारे में उसने लिखा :---

Ram Das took me into one of these and said, "250 people use the same latrine." They showed me the primitive doorless cubicles. "There is no privacy. The women have to use the same ones." I knew that modesty with Indian women amounts almost to a religion.

२५० आदमी एक ही पाखाना इस्तेमाल करते थे। स्त्रियां और पुरुष एक ही जगह जाते थे। वहां पर किसी किस्म की प्राईवेसी नहीं थी।

पानी के बारे में उसने लिखा है :---

"There is only one hand pump. This single hand pump serves sixty quarters. There is no place to take a bath."

साठ क्वार्टर्ज के लिए सिर्फ एक ही पम्प था और वहां पर नहाने की कोई जगह न थी।

एक क्वार्टर में कितने आदमी रहते थे, अब मैं आपको यह बताता हूं :---

Ram Das took me into one of these. It measured, I estimated, about nine by twelve feet. Although there was one window, which let a little daylight

into the compartment, it took me a moment to comprehend the sight I saw on the floor: to grasp the fact that the tightly packed sausage rolls were sleeping men.

अब देखिए कि उनसे भाड़ा कितना लिया जाता था।

These were all weavers, I found, getting an average of 35 rupees a month.....They paid rent for their floor space—not much—it amounted to two rupees and twelve annas each, or just under one dollar a month.

यह हैं यहां के मजदूरों की हालत। यह हालत उन सज्जन के यहां काम करने वाले मजदूरों की हैं, जो अपने को देशभक्त कहते हैं और महात्मा गांधी के खास भक्तों में से हैं। अगर उनके यहां मजदूरों की यह हालत हैं, तो मेरी समझ में नहीं आता कि मामूली आदमियों के यहां मजदूरों की क्या हालत होगी।

श्री अलगू राय शास्त्री : बड़ी नाजुक।

एक माननीय सदस्य : लेकिन कम्पनी ला से इसका क्या ताल्लुक हैं ?

Shri C. D. Deshmukh: I suggest that the hon. Member should see some quarters personally himself instead of taking an account given by an American lady.

Shri K. P. Tripathi: I also have seen some quarters personally and have found them in the same condition.

Pandit K. C. Sharma: You must see quarters in Kanpur.

Shri G. D. Somani: I would like Mr. Singhal and Mr. Tripathi to visit some of the factories under the same management which he is quoting and find out for himself the conditions of the quarters. I am prepared to arrange for Mr. Singhal and Mr. Tripathi to visit those quarters and see what the condition is.

Pandit K. C. Sharma: They are better quarters.

Shri C. D. Deshmukh: I am not interested in the quarters provided by any particular employer; I say that unless one looks round himself, one cannot get a correct idea of the position: one should have a comprehensive view of what is being done in this country in regard to industrial housing.

Shri S. C. Singhal: I could not follow.

श्री सी० डी० देशमुख : मेरा कहना हैं कि एक ही कम्पनी के बारे में ऐसा कहने से पता नहीं चलता हैं। जो और कम्पनियां हैं, उन को भी खुद जा कर देखना चाहिए और सरकार किस तरह से औद्योगिक मकान बनाने के लिए सहायता दे रही हैं, यह भी देखना चाहिए।

श्री एस० सी० सिंघल : यह १९४९ की रिपोर्ट हैं, उसमें ये सब बातें लिखी हुई हैं। हम तो इन बातों को आपके नोटिस में ला रहे हैं कि क्या हो रहा हैं।

श्री अलगू राय शास्त्री : अध्यक्ष महोदय, क्या वित्त मंत्री महोदय के कहने का यह तात्पर्य हैं कि जैसे मिस मियो ने एक किताब मनमाने ढंग से लिख दी थी, वैसे ही यह किताब लिख दी गई हैं और इस में कोई सचाई नहीं हैं और इसमें वास्तविकता से बिल्कुल दूर की बातें लिखी हैं या इसमें कुछ तथ्य हैं ?

श्री सी० डी० देशमुख : मेरे कहने का तात्पर्य यह हैं कि इसको सांख्यिक दृष्टि से देखना चाहिए।

Mr. Chairman: The hon. Member is speaking of conditions in 1946. He is reading from a book written at that time.

श्री एस० सी० सिंघल : यह किताब १९४९ में लिखी गई थी।

Mr. Chairman: It was again six years ago.

श्री एस० सी० सिंघल : मैं ने आपके सामने सब कुछ रख दिया हैं। आप चाहें, तो इस को गलत समझ सकते हैं।

[श्री एस० सी० सिंघल]

वित्त मंत्री की स्पीच में और बिल में दिया हुआ है कि गवर्नमेंट को काफी ताकत मिली है और जितनी कम्पनीज हैं, उनके मैनेजिंग एजेन्ट्स नहीं रहेंगे।

ट्रेजरर सेक्रेटरी और मैनेजर के बारे में नई धाराएं हैं। यह क्लाज बहुत अच्छा है, और मैं वित्त मंत्री साहब से प्रार्थना करता हूं कि अगर वे आगे मैनेजिंग एजेंट बनावें तो इस बात का ख्याल कर लें कि टैक्स देने के मामले में उसका कैसा रवैया रहा है, उसने कैसा ब्लैक किया है, मजदूरों के साथ उसका कैसा रवैया रहा है। इन बातों को देख कर मैनेजिंग एजेंट बनावें और जहां तक हो सके उन की जगह अच्छे ट्रेजरर और सेक्रेटरी बनावें। यह चीज बहुत अच्छी है, लेकिन जो बातें मैं ने बतलाई हैं उन पर ध्यान देना बहुत लाजिमी है।

मुझे एक बात और कहनी है। जिस क्लास की आर्थिक शक्ति बढ़ती है वह राज्य शक्ति को भी अपने हाथ में ले लेता है। जर्मनी में वेमर कांस्टीट्यूशन बना तो उसे बहुत ही डिमाक्रेटिक समझा जाता था और उससे बहुत सी उम्मीदें थीं। वह बड़ा उन्नतिशील था। लेकिन जब वहां के पूंजीपतियों के हक छीने गये तो उन्होंने दो साल में ही उसे फेल करा दिया और वहां हिटलर का राज्य जमा दिया। इंगलैंड में जब लेबर गवर्नमेंट आयी तो उसने नेशनलाइजेशन किया। हालांकि इंगलैंड के लोग बहुत पढ़े लिखे हैं, चाहे मजदूर हों या दूसरे लोग हों, और बहुत डिसिप्लिन्ड हैं, और वहां मजदूरों की भी संख्या बहुत है, लेकिन फिर भी चूंकि सारे अखबार कंजरवेटिव लोगों के हाथ में हैं और वे रुपया काफी खर्च करते थे, इसलिए उन्होंने लेबर गवर्नमेंट को ताकत में नहीं आने दिया और कंजरवेटिव गवर्नमेंट ही ताकत में आयी। तो मेरी वित्त मंत्री साहब से यही प्रार्थना है कि वे इस का पूरा ख्याल रखें। अभी तो कांग्रेस की कुर्बानी लोगों को याद है, वह बड़ा भारी संगठन है, उसके नेताओं का संसार में सिक्का जमा हुआ है। लेकिन अगर कहीं कमजोरी आयी तो यही पूंजीपति इकट्ठा होकर पोलीटिकल पावर पर कब्जा कर लेंगे। इस लिए मैं चाहता हूं कि इस मैनेजिंग एजेंसी सिस्टम का जल्दी से जल्दी अन्त हो जाय।

4 P.M.

Dr. Krishnaswami (Kancheepuram): The hon. the Finance Minister, in introducing the motion for consideration of this measure, pointed out that some kind of strange destiny seemed to be dogging this measure. I agree that even if this Bill goes through this House, we would not have heard the last word on company law legislation; Part of the explanation for repeated amendments of company legislation lies in our attempting to achieve too much, in our attempting to give to company law legislation a content which it cannot hold. The purpose of company law legislation, I take it, is to ensure companies being managed in the interests of their owners, who in legal parlance are shareholders. This implies that the directorate must be responsible for honest and efficient management. Company law legislation must concern itself only with laying down standards for the attainment of these objectives and not attempt to regulate economic policy. On this matter, the Cohen Committee has remarked aptly in the following terms:

> "We have regarded questions of general economic policy which embraces such matters as monopoly, as outside our terms of reference. Company law should, in our view deal with companies irrespective of their particular activities. Questions of economic policy should be dealt with by legislation directed to that subject and kept distinct from the general law governing companies."

What is the reason for company law legislation being concerned exclusively with laying down standards and being precluded from dealing with economic policy? One of the

reasons for this limitation is that the area over which its laws are applicable is necessarily limited. If it chooses to deal with economic policy, the consequences that flow from such company law legislation would cover areas over which the company law would have no jurisdiction whatsoever. I only wish that the Joint Committee had borne this in mind. In that case many of its recommendations would have been realistic and would probably have been more enduring. The Bill, as it has emerged from the Joint Committee has, however, not changed the recommendations made by the Company Law Committee, on matters pertaining to memorandum of association, sponsoring and articles of association. I have therefore few remarks to offer on these aspects as I believe that the main recommendations made by the Company Law Committee on these matters are eminently sound and sensible. But, the changes effected in rules pertaining to the management and administration of companies, the complex rules and regulations, the complicated balance sheets and profit and loss accounts to be filed, stimulate certain questions which, I hope, the Finance Minister will clarify:

What would be the effect of such legislation on the formation or continuance of companies? Do we want companies to be formed at all? Would the small man, for whom we profess interest, be in a position to form a company and yet get on without infringing the various rules and regulations? There are a little over 149 penal clauses, as several speakers have reminded us, many of which are highly technical and some of which are inquisitorially purposeless.

But the major controversy is over the constitution and continuance of the managing agency system. Now, no one need hold a brief for managing agents. There have been many cases of signal failure to discharge their duties properly. There have been cases where they have charged too high a price for services rendered, to them to companies. There have been instances where they have obtained remuneration and yet remained a functionless element in our society. But, it is one thing to suggest that the managing agency system has been abused; it is another matter to impose such regulations that the very process of economic development is thwarted. May we not, in our anxiety to cure the managing agency of its abuses, go too far and commit the mistake, of emptying the baby with the bath tub? But before I deal with some aspects of the managing agency system as it has emerged, I shall give an explanation of the role which the managing agent has played in the past, plays in the present and is expected to play in the future development of our economy.

Why did we have the managing agency system at all in our country? If we did not have the need for it, it would not have come into being at all. Where financial institutions are relatively undeveloped, where the investing class is shy, where the ancillary services required for the promotion and running of industries are absent, where issue houses, underwriters and technical consultants, are not in evidence, the need for pioneering is obviously great. The managing agency system has come into being to fulfil this function, and in many cases, it has fulfilled a very proper function. After a certain stage, however in certain industries it has become functionless. Hence, it is admitted by the legislature, and there seems to be no difference of opinion on this subject.—that where the managing agents are functionless, or where they charge too high a price for services rendered society has a right to step in and regulate their activities and enforce a fair remuneration where necessary, and abolish the system in those sectors where it is superfluous. I, perused with great interest the clause that has been put in in this Bill, clause 323, to determine the continuance of managing agencies in certain industries. May I read this clause with your permission? The clause is entitled: "Power of Central Government to notify that companies engaged in specified classes of

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industry or business shall not have managing agents." The clause says:

"(1) Subject to such rules as may be prescribed in this behalf, the Central Government may, by notification in the Official Gazette, declare that, as from such date as may be specified in the notification, the provisions of sub-section (2) shall apply to all companies, whether incorporated before or after the commencement of this Act, which are engaged on that date or may thereafter be engaged, wholly or in part, in such class or description of industry or business as may be specified in the notification.

(2) Thereupon,—

(a) where any such company has a managing agent on the specified date, the term of office of that managing agent, shall, if it does not expire earlier, expire at the end of three years from the specified date or on the 15th day of August, 1960, whichever is later, and the company shall not re-appoint or appoint the same or any other managing agent; and

(b) where any such company has no managing agent on the specified date or where it is incorporated on or after that date, it shall not appoint a managing agent.

(3) Copies of all rules prescribed, and of all notifications issued, under sub-section (1) shall, as soon as may be after they have been prescribed or issued, be laid before each House of Parliament."

Considering this clause, one finds that vast discretionary powers are given to the Government. I have no objection to the Government determining the classes of business or undertakings which shall not have managing agents. For instance, in the textile industry we intend putting a willing on production of cloth by mills and it might therefore be argued with a certain degree of legitimacy that so far as the vast bulk of the textile industry is concerned, since there is to be a ceiling on the growth of new mills, it would not be necessary to have managing agents. Nevertheless, even here there might be cases where managing agents might have to be employed as for instance in certain backward areas where the investing class is shy, where it is not possible to collect money and where certain pioneering risks have to be undertaken. I am glad that the Government have power under clause 323 to achieve this purpose, but I should like to point out that the very fact that such large discretion has been given to the Government should entitle us, Members of Parliament, to suggest restrictions on the use of such powers. I believe that it would be most helpful if the advisory commission which is to be constituted under clause 409 is asked to give its opinion before any notification under this clause is issued. The advisory commission presumably will consist of intelligent men and women who would know something of the economic development of our country and who on that account might be in a better position to suggest whether a particular firm even within a particular industry may have a managing agent or not.

There is also another matter which I would like to bring to your notice. You, Sir, have specialised in procedure and are therefore aware of the implications of 'rules being laid on the Table'. As you know these rules cannot be amended by this house; they are laid on the table for the information of hon'ble members. I suggest that the rules to be framed under clause 323 should be subject to amendments to be proposed by Members of Parliament within a specified period after they are laid, and provision should be made in this clause straightaway to this effect.

Having given my approval to clause 323, I now come to certain other provisions relating to managing agencies

with which I am not in agreement. Once powers have been taken under clause 323, I fail to understand why clause 325 has been put in this Bill at all. Clause 325, as you will recollect—and I hope I have your permission to read a brief excerpt of this particular provision —let the house realise what wide powers are sought to be given to the Central Government—reads as follows:

"(1) In respect of any company to which neither the prohibition specified in section 323 not that specified in section 324 applies a managing agent shall not be appointed or re-appointed,—

(a) except by the company in general meeting; and

(b) unless the approval of the Central Government has been obtained for such appointment or re-appointment.

(2) The Central Government shall not accord its approval under sub-section (1) in any case, unless it is satisfied,—

(a) that it is not against the public interest to allow the company to have a managing agent;

(b) that the managing agent proposed is, in its opinion, a fit and proper person to be appointed or re-appointed as such, and that the conditions of the managing agency agreement proposed are fair and reasonable; and

(c) that the managing agent proposed has fulfilled any conditions which the Central Government require him to fulfil."

I ask a straight question. If a company is declared to be one for which a managing agent can be appointed, why should Government play the role of a 'nosey parker'? If the shareholders accept a certain person as a managing agent, how is the Government in a better position to decide that he is not a fit and proper person to be appointed as the managing agent? If the conditions of the managing agency agreement confirm to the requirements of the Act, the question of assessing whether they are fair and reasonable does not arise at all. Further, if the managing agent has not fulfilled any condition which the Government thinks he should have fulfilled appropriate action may be taken either under the company law or under the general law. In the original Bill this provision was not included at all. In fact, it found a place only in the Schedule because it was for a period of three years. Even when the Bill was introduced, it was considered inadvisable to make it permanent. Perusing the Statement of Objects and Reasons of the original Bill of 1951 I found there a pregnant sentence stating that in view of the fact that new companies were coming into being like the South Sea bubble in the days of Walpole, it was necessary to exercise some sort of control over entry of new managing agents. It was also therein pointed out that this was at best a temporary measure. Now, why have we in this bill made this a permanent feature? Who is to judge as to whether a managing agent is a fit and proper person, and what are to be the standards of fitness and propriety? We all know that the Industrial Finance Corporation in giving loans to individuals went by the names and reputations established. So, in other words, here also the Government might observe the same criterion. It may be that as a result of the exercise of this power the very idea of having industrial development broad-based will be defeated, that the very idea of new men entering the private sector will be scotched. It may be that we will have eventually a little over three or four hundred of these old managing agents, old managing agents who can conveniently be rediculed day in and day out, who could be pointed out to the legislature as the villains of the piece.

I consider that clause 329 also should not find a place in the Bill and should be omitted. There are a number of provisions which are ancillary to clause 325, which I would request the House to omit. Government after all, if it is to exercise discretionary powers, has to be

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controlled, and on the subject of appointment of individual managing agents I do not see what grounds of public interest there are to justify these particular provisions being put in.

Let me pass on to the controversial clause 331. A great deal was said about the need for curtailing concentration of economic power. I am all in favour of controlling the concentration of economic power. Let us assume that in future a person is not a managing agent for more than ten companies. The reason for this provision finding a place is that concentration of economic power should not be encouraged. A very laudable objective! But is this objective likely to be achieved by this particular provision? I wonder whether as a result of this particular clause there might not on the other hand be an increase in the concentration of economic power in the hands of managing agents. Let me tell the House how this is likely to happen. What the Joint Committee has ignored is the incentive to create branches of the same company. We should examine the memoranda of some of the companies. I know for instance a company which has a number of objects in its memorandum. It can start a textile mill. It can start a chemical factory. It can start a dyeing factory. It can even start a light railway. And now as a result of your having laid down that no more than ten companies can be managed by one agent, one company would have the right to open a number of branches and this would be the new type of development. What would be the result? The result would be that we would witness the growth of giant concerns as it were. I personally believe that whatever might be the defects of our company structure, it is better to have independent companies with directors rather than have one giant company with 200 sprawling branches. One has only to analyse the memorandum of association of companies like the Delhi Cloth and General Mills to realise the number of branches that can be started by one independent company.

What we are doing by this provision is....

Shri Rane: There is clause 8.

Dr. Krishnaswami: I have read it, and I am giving this interpretation only after having read it. What would happen is that when we have companies with these branches all over the country, we would be faced with the problem of economic power. What I suggest to the House is that if we wish to control economic power, we ought to have different and independent legislation.

I now pass on to another controversial provision which deals with remuneration. I wonder whether hon. members have perused clause 197. It did not find a place in the original Bill. After having perused it, I came to the conclusion, perhaps a conclusion which was not altogether unjustified, that if this provision passes in the form in which it is, we would be violating two sound criteria. Basically, we would be doing something which would prevent the formation of companies, and secondly we would not be promoting the objective which we have at heart, namely of having a fair distribution of income. Clause 197 begins with the head-note:

> "Overall maximum managerial remuneration and minimum managerial remuneration in the absence or inadequacy of profits".

I do not propose to read the whole clause. But the import of this clause is that by company legislation we should determine the distribution of income. The Joint Committee went wrong in assuming that it was entitled to use company law legislation for altering the distribution of income. This is the function of taxation, not the function of company law legislation at all. By fixing a remuneration, by laying it down in the statute, what we are doing is to force

persons to make a choice as to whether they will serve in companies or not. Persons faced with the choice of serving in a company, as business executives, or as traders, or as commission agents would very probably choose being traders or commission agents, which classes will not be affected by the harsh and onerous provisions of company law remuneration. Is this what we want? Would this be in conformity with the Second Five Year Plan for economic development? I venture to think that this is not what we want. But I ask this question: have we such a surfeit of business executives that we can afford this costly experiment for which society will have to pay, and which will not benefit even our companies either in the short or in the long run?

One can understand the logic behind fixing a managing agent's remuneration. The managing agent is after all an entrepreneur who is entitled to remuneration out of profits. Now, profits are a residue. But the manager, the executive director, these are concerned with administration. The mistake that the Joint Committee made was to confuse entrepreneurship with administration of a company. One can control an entrepreneur's income, but one cannot lay down by statute a ceiling on overheads which will have to be incurred in any event. I think the Joint Select Committee went wrong completely in trying to imagine it could fix an overall remuneration for these managers, executives and others. It committed the vulgar error of confusing entrepreneurship with administration. The compromise that has been suggested that in hard cases my hon. friend would grant exemptions does not carry us anywhere; this clause cuts at the root of what I would say proper company management; we cannot and should not rely on the discretion of Government for fixing a proper remuneration.

Having said this about clause 197, what have I to say on clause 347? The latter deals, with the managing agents' remuneration. I think that clause 347 is a fair clause. I should like to point out that in clause 347 what the Joint Committee has done is to lay down that the managing agents' remuneration shall not exceed a certain amount, ten per cent. of the 'net profits'. After all, the managing agent is expected to get his remuneration from the profits. Indeed in 1936, Sir N. N. Sircar when he introduced this measure on company law pointed out that the managing agents were entitled to obtain only a certain fixed amount out of the net profits. A very elaborate definition of 'net profits' was drawn up then, and I do not know whether that definition would ever have been arrived at but for the co-operation and the healthy criticism which Members of the Legislature among whom you were one, made during that period.

Now, what we have done is to put a ten per cent maximum limit for the managing agents. I think that this clause is essentially fair. I should like in this connection to remind the House of what Dr. John Matthai has said in his *Report of the Taxation Enquiry Commission*. On page 127 of Vol. I of that report, this is what Dr. John Matthai says:

> "Statement XXVI shows the remuneration paid to managing agents expressed as per cent of profits before tax plus this remuneration; all forms of remuneration to managing agents and remuneration to managing directors also are included. The average remuneration works out to nearly 14 per cent. of profits for the entire period 1946—51. In certain industries, this proportion is much higher, especially in jute; the high ratio in shipping is associated with very low profits of this industry. During the period 1946—51, this ratio rose from 12 per cent. to 14 per cent. for all industries together."

Then, the commission proceeds to give the table of the income taken

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by the managing agents, and the income which the shareholders get. And here, let me point out that even the Matthai Commission has nodded, because it has forgotten to add the distributed profits to the retained profits in determining the amount which shareholders get. The shareholders after all are entitled to the retained profits, and when you wish to find out how much income goes to different classes, you have necessarily to take into account the total that each class gets. The Matthai Commission overlooked this fact, and that is why proportionate income that goes to the managing agent is overestimated relatively to the shareholder. But this does not alter the main conclusion of the commission namely that the managing agent obtains 14 per cent. of the net profits. The company law committee has recommended that 12 per cent of the net profits should be given to the managing agent. I do not think it is unfair to give ten per cent. of net profits to a managing agent.

Here, let me compliment the hon. Finance Minister on the care which he has taken to define 'net profits' and particularly on the way that he has defined. I thought there would be loopholes as in the Sircar Act, but I found out after careful investigation that there are no loopholes. Since this clause is practically a copy of the original Bill, I think he should take credit for what has been done.

I have referred to some of the provisions relating to remuneration of managing agents. I do not think there is any justification for my hon. friends saying that the managing agent's remuneration is not fair. What they can take exception to, as I pointed out is clause 197 which deals with administration. There, as I pointed out when you have to hire technical personnel especially in the years when the industry has to pass through teething troubles, it would be difficult, if not impossible, to do so if you fix a ceiling limit Industries cannot have the best technical consultants, or the best managers or other executives. Provided these managers, these directors do not have a share in the managing agency commission. I venture to think that we have no right whatsoever to fix a ceiling on the managerial income. I think it would be best, as I pointed out, to omit that provision altogether from the Bill, when the consideration of the clauses comes up.

Now, I pass on to another matter, the constitution of nationalised companies. While going through clauses 610, 611, 612 and 613, which relate to public companies, the first thought that struck me was that these public companies were placed in a special category.

Why should nationalised companies be placed in a special category? After all, minority rights in a nationalised concern require as much protection as in joint stock companies run by greedy managing agents or fat directors whose outlook on life is brought out by 'Shankar'. After all, in these nationalised companies the ventilation of grievances may act as a valuable check on the management. My friends, Shri Tulsidas and Shri G. D. Somani, have pointed out that a public company has been defined to be one in which the Government have 51 per cent. and not 80 per cent. as in the original Bill. I am not willing to quibble over whether it should have been 80 per cent or 51 per cent. If the Government have 51 per cent. control over the shares they can have, for all practical purposes, as much control as they would have if they had owned 80 per cent. But if in addition you lay down that provisions relating to protection of minority shareholders shall not apply, if you exempt them from several provisions of the Companies Act, then I venture to think you are creating constitutional monsters in our economy which it would be difficult to control and which would run amok. Consider what would happen. A nationalised company would have the

right to manage its day to day affairs: it would have the right to determine its policy. But in Parliament, hon. members would be precluded by rules of procedure from putting questions pertaining to its day to day administration. If nationalised industries were a department of the Government, it would be different. We would have the constitutional right to put questions, we would have the right to ventilate our grievances, we would also have the right to change their policy. Now, when you give them the special status of companies and exempt them from the provisions of the Companies Act, as you are attempting to do, you will prevent even the minority shareholders from expressing their views. Someone has pointed out that publicity is the greatest safeguard against the evils of the managing agency system. Publicity, I say, is not only the greatest safeguard against the evils of the managing agency system; it is also the greatest safeguard against the evils of nationalised industry in our country. And I want this publicity to find reasonable scope, I want it to be free, so that we might have a chance of knowing how our money is being spent, how our money is being utilised for the objectives that we have in view.

There is a sub-clause which relates to auditing by the Auditor-General of public companies. Now, Sir this provision has been drawn up with great care. But I should like to point out that I have one objection to the Auditor-General being given so much power to issue directions. The Auditor-General, after all, functions in a limited environment. He has experience of Government accounts, but he has little or no experience of trading accounts. Indeed, large portions of the Auditor-General's recent report pertaining on the working of the Industrial Finance Corporation betrays complete lack of appreciation of how a business concern works, lack of appreciation of how a financial institution should operate. What I am suggesting is that we should have chartered accountants who should be responsible for the auditing of these various nationalised companies.

[MR. DEPUTY-SPEAKER *in the Chair*]

The Auditor-General should at best, have only overall supervision. That would help us to run these companies properly on sound commercial lines.

Next I pass on to a clause which has seemed to find strangely enough a place in the Companies Bill—I refer to the clause which deals with need for disclosing secret reserves. Now, Sir the phrase 'secret reserves' conjures up before the mind's eye many illusions; the very phrase 'secret reserves' seems to have led many critics into thinking that such reserves are shady, that they are being collected by managing agents for the purpose of swindling companies, and that the time has come when it should be not only made public, but also revalued so as to give a true picture. But, what are secret reserves? The House is entitled to have a full and complete account of what these reserves are. These secret reserves spring from following the rules of accounting A common method of valuation is to assign the goods either their original market price or the original cost, whichever is lower. The major defence of this procedure is that it will never result in over-valued inventories. For instance, in the Korean war, if we had taken the market value, as the basis of accounting all the stocks would have been overvalued. This would have inflated the wealth position of companies. Therefore, it is best to adopt a basis which under-estimates the wealth position of a company. How is the wealth position to be shown to shareholders? If as is insisted by the joint select committee in Schedule VI, we value stocks at market price, this would lead to an over-estimate of inventories and an over-statement of

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the wealth, and profit and loss position of a company. I want this House to consider the serious implications of altering a well-known rule of accounting procedure; I want this House to consider this question not from the point of view of suspicion but from the point of view of legitimate and sound accounting and thus benefit the country.

Finally, I would like to emphasise an aspect—a commonsense aspect of this legislation before I sit down Whoever perused this voluminous Bi must have been struck by the large powers given to Government to exercise detailed supervision over company management. That company law reform is desirable, no one denies. But what is the purpose of having detailed supervision and control? How will such supervision affect the formation of companies? How is such supervision expected to be exercised? The Reserve Bank, under the able stewardship of my hon. friend, the Finance Minister, when he was Governor of that bank, instituted a new system of control and supervision of the banks. But hon. Members know that there are in this country only 380 to 400 scheduled banks, and to supervise them the strength of the staff required for such supervision is about 1500. The Registrar of Joint Stock Companies only last year in his report pointed out that there are 29,000 companies. If we are to have detailed supervision, according to the provisions of this Bill, we would have to employ a regular army of inquisitors. This would be obviously impossible. Therefore, what would happen is that the company law administration will work in spasms. Some report about a particular company will reach the Government, and thereafter an investigation will be started by the Government. Many of the smaller businessmen would be almost everyday infringing some of these technical rules, for which they can be landed in serious trouble if there is some slight friction between them and some discontented shareholder or some other busy-body who feels aggrieved. What I am pointing out is that this will act as an inhibition on the small man from forming a company. While the bigger industrialist can command proper legal advice not only to keep straight according to the law but also to circumvent the provisions of the law, the small man would go to the wall, and instead of making our industrial development board-based, as we are affirming everyday, what we would be doing by this company law legislation is to apply a new and grand contraceptive to new industrial development; and it is in the backward areas and on the smaller men that this contraceptive would have the largest effect. The hon. the Finance Minister said that this measure has a strange destiny. I venture to think that within a year of this measure becoming law, the Finance Minister and the Government will come forward to this House with an amending measure; for the government will realise by bitter experience and after having affected the development of our economy that this measure is impractical, unworkable and is productive of great harm to the small man and the regionally backward areas.

Pandit K. C. Sharma: I congratulate the hon. Finance Minister for bringing this comprehensive piece of legislation. The reform of the Company Law took about nine years and various viewpoints have been taken into consideration and a workable piece of legislation has been brought forward. The fundamental questions before Parliament have been two, namely, the safeguarding of the interests of the shareholders and creating confidence for investment and limiting the powers of the managing agency. I am not one of those who will not acknowledge the great services that the managing agency system has rendered. It has certainly

contributed to the growth of industry and expansion of many new institutions of production and many new manufacturing concerns. That is all good. But from the talk of my friends from the industrial side I find a certain lack of appreciation; they do not understand that these great institutions, these great manufacturing concerns in almost all cases have been made possible on the sacrifice of the common man. What about the protection, the big protection? Has any concern of considerable magnitude prospered and grown without the help of the protective duties? How much has the poor man, the ordinary citizens, paid for it? That is why the State comes in. The State comes in because the manufacturing concern, however, creditable it might be and however much might it be due to your abilities and hard work, has been possible and has grown on the sacrifice of the people at large.

Then, what is the base of these big business houses, of these big manufacturing concerns? The base is the shareholder. Now, the shareholder goes to the background because the shareholder as such is not entitled to remove the managing agents. The only power given to him is under clause 337 for negligence and gross mismanagement. What about inefficiency? A director who concerns himself with the management of a concern can be removed under clause 283 in an ordinary meeting by an ordinary majority voting. Why can't a managing agency be terminated likewise, I fail to understand. There was a theory of the divine right of kings. The king was a king; nobody appointed him. During the long political evolutionary process that system of king by the divine right coming to the throne has vanished. But the king had many virtues on account of his past inheritance, on account of his traditions and on account of his personal equipment; the managing agent has none. Yet he has occupied the position of the divine right of kings. Certain people come in and float a company. In six months they get themselves confirmed. In six months how many shareholders will there be? Then they are irremovable. With all respect to my friends, it is something that cannot be put up with, and I am sorry to find that even this present legislation has made no provision for the removal of managing agents.

Now, you say that the managing agency has done well. Yes, it has done well. Take it for granted But it has also done something which my industrial friends are ashamed of. One of them,—a very rich man,—says that no managing agency whatsoever is in a position to justify its actions and some of them are very disgraceful. He is one of them. I do not find fault with them. They were tempted to do certain things; but to say that everybody else was doing mischief is to say that the magistrate should not convict the thief for thieves are in large number.

Dr. Krishnaswami: The magistrate will never be convicted.

Pandit K. C. Sharma: Therefore, the magistrate should not convict him simply because there are ten other thieves in the market. That is no argument. My only painful observation is that at this hour no man should stand up and say "we did something which was wrong because others have done it." This is no justification. With all respect, it does not sound well from the experienced and well-meaning gentlemen sitting in the Parliament.

Mr. Deputy-Speaker: Let bygones be bygones; let us see for the future.

Pandit K. C. Sharma: So, I mean to say that this law is a necessity and it is a logical consequence of the things that preceded. It is not today. The idea was already in existence in 1936. It was already in operation in 1951. More control was necessary, not because managing agency as such was something that must go down. They accept that the managing agency should remain; otherwise, they would

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have abolished it in this Bill, but that greater control is necessary. Why is it necessary? Because people misbehave, because the shareholder is coming into the picture and because the common man is coming into the picture. When the Englishman was ruling here, the common man could not come up. Now, you go to any district or any town and people will say "the District Magistrate does not do this"; "That man does not do this"; "The Subordinate Magistrate misbehaves". He cries; he makes a demand. So does the shareholder. If it is true of the ordinary citizen in the street—to cry aloud and demand his share in the administration of the Government, to demand his share in shaping the well-being of the people—it is equally true that the shareholder should get the better of the managing agent. It is nothing wrong, nothing new. What is true in other spheres of life is equally true in the management of big business. So, my point is that there should be a provision in the Bill that like the Directors, the managing agency should be removeable by the vote of the shareholder, because it is accepted that the things are not what they should be or are not acceptable. This being the case, the shareholder should get a chance, the first opportunity, to declare whether this managing agency should remain or should get out. While I plead for this provision, I also plead that this clause 366 for compensation by three years' remuneration should go. Once a body of persons in charge of a big concern are found to be inefficient or not doing their job in the proper way, not satisfying the shareholders—their masters —they have no business to get any compensation. Is a wrong-doer entitled to any compensation whatsoever? There is no logic in it. It is not fair even. If people do not behave well, if they have not worked well, it is in the people's interest and it is in the interest of the business that they should go out. Nobody of shareholders would keep such managing agency people. If they work well, it is in the interests of the business to keep them. They will certainly think that if their services are good, they should be kept on. Why should they kick off good people? Therefore, they should be removable by ordinary vote as the director is, and secondly they should not be entitled to any compensation whatsoever.

Again as Shri Morarka and Shri Nathwani have said, I also emphasize that the appointment of directors should be on the basis of proportional representation by single transferable vote. The argument is that it will break the homogeneity of the directorate and they will not be allowed to work well. I was looking into a report in the U.S.A. In most of the States this system is prevalent and the report says that it has done well. Now they say there was Nehru-Liaquat Ali agreement and it did not work well. There is a rule on application of analogy in Logic. The analogy is applicable only to the cases in the same category, that is of the same kind. Administration and profit-making are two different things. They differ in categories. Administration has certain ideologies, certain different viewpoints, what is good for the people, what is the objective for building a new State, etc. A political party differs in its outlook. But no two persons differ in the ways of making profits. They know full well where the profit is to be put, the more it is made the better it is. In India at least, business means profit, nothing more. It may mean that their children should be well fed and therefore it will be to the good of the society. A good child is always an asset to the society, but it is a remote possibility. The immediate concern of every business in India has been profit-making and that is why so much trouble has arisen. It is no fault of yours. It is simply a long tradition. If you want

to find out the truth go to any business house. What would be the inscription? Not the 'truth'; not the 'light', but "Shri 'Labh' Shri 'Sukh' ". God give me profit, and God give me comfort, nothing else. Go to any business house, in that palatial building you will see only this inscription. So, it is a long tradition that in India business has always meant profit and even big manufacturing concerns have not deviated from this principle. It is a sad case. In this modern age of industrialists, the business houses are likely to play their part which the great Rajput warriors played in the history of this great country. Why? Because now it is a question of vote, how to catch the vote? With your money. Who constitute democracy? The intelligent monied man will always be a powerful factor in any democratic set-up. Because he supplies the wherewithal to fight the election. He owns chains of Daily papers. He may be remote in the corner behind the curtain. But he shall always have an important say and he is the man to be convinced of the measures that the Government or Parliament is to take. But with the profit motive alone in the mind and in the heart, will any democracy succeed with this set of people? This is a fundamental question. I do not worry whether the managing agent makes a few crores of rupees or a hundred crores of rupees. My only concern is that the present attitude that you should not change the law because there are thieves elsewhere is not correct. Do you mean to say that because other people misbehave you should not behave well? The business classes—the richer classes—are always all over the world in a democratic set-up an important factor so far as the administration of the country is concerned. You cannot escape the fact that in democracy you have to approach the common voter and in approaching the common man you have to find some money, because you cannot walk on foot. Then Industry is an important factor in raising the standard of life. With this mind and character, it would be impossible to have any sound administration whatsoever. This is my painful observation—not that you have got lot of money, not that you do not have it. All the money in your pocket will come in the market. What does it matter? Instead of one car, one man may have 10 cars. It is somewhere and some people have it in some way or the other. It does not matter much, but what matters is the mind and character I say that the emphasis from the managing agency must pass on to the share-holder and, therefore, the elections of the directors must be on the basis of proportional representation by single transferable vote. I submit again that there is nothing strange in it. There is no force in the argument that it will not work well. I have heard very carefully Mr. Bansal's speech. I say the fears are without any foundation. It will work well and it will give satisfaction to all sections of the shareholders.

Then, Sir, again my one observation is that all companies operating in India should have on their directorates smoe nationals of India. In support of this argument, I am reading from the Company Law Committee's Report. Here is a provision from the General Corporation Law in the States of New York:

It provides:

> "The Business of the Corporation shall be managed by its Board of Directors, all of whom shall be of full age and at least one of whom shall be a citizen of the United States."

Again, there is a provision in the Swiss legislation, which says:

> "The sole director of the company, and if there are more, the majority of directors must be of Swiss nationality and domicile. For holding companies, if the main purpose is investment outside Switzerland, Government may

[Pandit K. C. Sharma]

grant exemption from this requirement. Violation of the law may give cause for judical dissolution."

I do not think it requires any argument. It is a general sentiment of our people that whoever operates in India must have some Indian on the management, so that the country's interest may be safeguarded. There might be difficult times where even the security and the important interest of the country are to be looked after and if our national is there, it would be much more to the benefit of the country.

Having done this, I pass on to certain provisions to which my friends have taken objection. This is about the 11% of overall managerial remuneration. It is true that competent people should get on the directorate and, for the mere sake of remuneration, the interest of the industries....

5 P.M.

Mr. Deputy-Speaker: The hon. Member is proceeding on a new topic. I think he can resume his speech tomorrow. The House will meet again at 11 O'clock tomorrow.

The Lok Sabha then adjourned till Eleven of the Clock on Wednesday, the 17th August, 1955.